



# DEPARTMENT OF DEFENSE

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## FINANCIAL MANAGEMENT REGULATION

### VOLUME 5

### DISBURSING POLICY AND PROCEDURES

19960718 089

MAY 1996

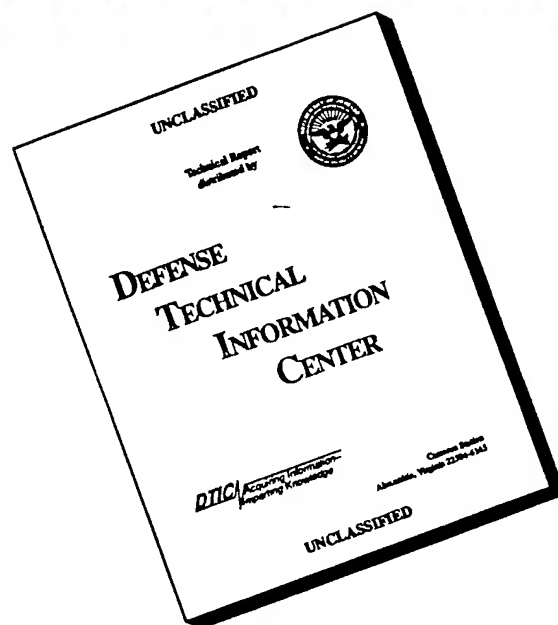
UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)

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UNDER SECRETARY OF DEFENSE  
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WASHINGTON, DC 20301-1100

MAY - 9 1986



FOREWORD

This Volume of the Department of Defense Financial Management Regulation is issued under the authority of DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," November 15, 1992. It governs financial management by establishing and enforcing requirements, principles, standards, systems, procedures, and practices necessary to comply with financial management statutory and regulatory requirements applicable to the Department of Defense. It directs financial management requirements, systems, and functions for all appropriated, working capital, revolving, and trust fund activities. In addition, it directs statutory and regulatory financial reporting requirements.

This Volume of the Regulation contains two parts: Part One - Disbursing; and Part Two - Debt Management, and is applicable to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

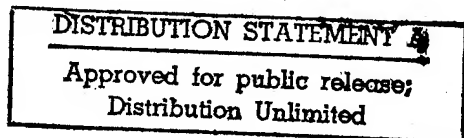
This Volume of the Regulation is effective immediately and is mandatory for use by all DoD Components. Heads of DoD Components shall ensure that the provisions of this Volume are adhered to in day-to-day operations and in the design, modification, and maintenance of their Component's financial management and reporting system or systems. The Heads of DoD Components shall not issue supplementary directives and/or regulations without the prior written approval of the Office of the Under Secretary of Defense (Comptroller).

The reporting requirements in this regulation are exempt from licensing in accordance with paragraph E.4.f. of DoD 8910.1-M, "DoD Procedures for Management of Information Requirements," November 1986.

Forward recommended changes to this Volume of the Regulation through channels to the address below. Submit requests for deviations from or exceptions to specific standards, with justification, to:

Office of the Under Secretary of Defense (Comptroller)  
1100 Defense Pentagon  
Washington, DC 20301-1100

The Defense Finance and Accounting Service will provide copies of this Volume of the Regulation through its normal publication channels. Other Federal Agencies and the public may obtain copies of this Volume from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; telephone (703) 487-4650.



*John J. Hamre*  
John J. Hamre

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# **INTRODUCTION TO THE DoD FINANCIAL MANAGEMENT REGULATION**

## **GENERAL**

The DoD Financial Management Regulation provides all DoD Components with the policy, regulation, and procedures within the area of responsibility of the USD(C). The regulation consists of the following 15 volumes:

1. General Financial Management Information, Systems, and Requirements
2. Budget Formulation
3. Budget Execution
4. Accounting Policy and Procedures
5. Disbursing Policy and Procedures
6. Reporting Policy and Procedures
7. Military Pay Policy and Procedures
8. Civilian Pay Policy and Procedures
9. Travel Policy and Procedures
10. Contract Payment Policy and Procedures
11. Reimbursables Policy and Procedures
12. Special Accounts Policy and Procedures
13. Nonappropriated Funds Policy and Procedures
14. Administrative Control of Funds and Antideficiency Act Violations
15. Security Assistance Policy and Procedures

## **AUTHORIZATION**

This Regulation is issued by the USD(C) under authority of DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," November 15, 1992.

## PARAGRAPH NUMBERING SYSTEM

The paragraph numbering system of this Regulation is consistent for all 15 Volumes. The 6 digit paragraph number and its subparagraph designators are formulated as follows:

01  
CHAPTER 1

01  
SECTION 1

01  
PARAGRAPH 1

A. 1. a. (1) (a)  
SUBPARAGRAPHS

## SUMMARY OF CHANGES

1. This is the first revision to the Department of Defense Financial Management Regulation, Volume 5. Major changes throughout this Volume are denoted by a star (★) symbol. An explanation of those changes follows:

Forms, page xxv. TFS Form 2244, Undertaking of Indemnity - Substitute Checks, has been redesignated as FMS Form 2244.

Forms, page xxv. Adds the FMS Form 5-89, Signature File - U.S. Treasury Check Orders.

Forms, page xxvi. Updates ordering information for GPO Form 2431 and FMS Forms.

References, pages xxxi - xxxiii. Changes reference (l), P.L. 89-265, to P.L. 97-295. Replaces obsolete reference at (al) and adds additional references to support changes in the Volume at (o), (aj), (an), and (ap) through (at).

Definition 23, page xxxvii. Expands the definition of Commander to include the Director of the servicing DFAS Center when applicable.

Definition 29, (new), page xxxvii. Adds a definition for "Convening Authority".

Definition 81, (new), page xli. Adds a definition for "Officer or Military Officer".

Definition 106, page xliii. Expands the definition of tactical disbursing activity to clarify the disposition of tactical disbursing station symbol numbers when not deployed; i.e., when not actively in use.

Abbreviations and/or Acronyms. Adds and abbreviation for the Office of the Under Secretary of Defense (Comptroller) Accounting Policy (OUSD (C) AP).

Paragraph 010202. Modifies all subparagraphs to reflect the transfer of all retired pay functions to the Cleveland Center.

Paragraph 010303.C.2. Refers the reader to chapter 24 for further instructions on electronic transfers.

Paragraph 010406. Clarifies the disbursing officer's (DO's) responsibilities under the requirements of the DFAS Internal Management Control (IMC) Program.

Paragraph 010507. Adds clarification concerning the DO's authority to pay for municipal services.

Paragraph 020101. Editorial change (the word "concurrency" to "concurrence").

Paragraph 020106. Requires activation of a DO to be reported to DFAS-KC/CBP.

Paragraph 020108.A. Clarifies procedures/requirements for disbursing officers to obtain check-signing machines.

Paragraph 020201.C and 020201.C.1. Editorial change ("interested" to "affected").

Paragraph 020201.C.2. Adds DFAS-KC/CBP as a copy addressee when deactivating a disbursing station symbol number.

Paragraph 020302. Retitles and restructures this paragraph to allow exceptions to the previous restrictions on duty assignments of individuals handling public funds.

Paragraph 020304.A. Deletes the word "commissioned". Any officer, commissioned or appointed, may be appointed a DO.

Paragraph 020305.A. Replaces the term "tactical disbursing activity" with "DoD component disbursing activity" to clarify that the establishment of deputy positions at all DoD Component-owned disbursing activities is the responsibility of the appropriate DoD Component.

Paragraph 020305.C. Deletes the reference for a grade level requirement for civilian employees appointed as deputy disbursing officers.

Paragraph 020305.D. Adds a statement of acknowledgement concerning an individuals accountability of public funds received. It also adds a statement that an individual has been counseled as to pecuniary liability and has received written operating instructions.

Paragraph 020306.A. Adds the requirement to provide specimen signatures in order to procure signature plates.

Paragraph 020402.B.1. Adds a new subparagraph requiring DOs to terminate all deputy, agent, and cashier appointments and clear all DD Forms 1081 as a part of the relieving process.

Paragraph 020402.C.2. Provides procedures necessary to allow a relieving DO temporary use of the former DO's signature plates.

Paragraphs 020602.A and 020602.B. Clarifies the purpose and authority of disbursing agents by changing the words "issue" and "sign" to "sign/issue". Also adds a cross reference to paragraph 020305.

Paragraphs 020603.A and 021202.A. Deletes the word "commissioned" as is applies to the appointment of a cashier in paragraph 020603.A and a certifying officer in paragraph 021202.A. Any officer, commissioned or appointed, may serve in these positions.

Paragraphs 020603.C, 020604.B, 020702, 020803, and 020905.A.6. Revises the statement of acknowledgement for accountability of public funds to more accurately portray the liability of accountable individuals.

Paragraph 020603.F. Includes the statement that a DO or agent will receive a letter of termination when relieved or when cashier duties are terminated.

Paragraph 020604.A. Specifies that paying agents will not act as purchasing officers.

Paragraph 020803. Provides examples of a designee; e.g., of an activity, commissary, hospital, etc.

Paragraph 020904.B.1. Revises to clarify the exception to the maximum transaction amount for imprest funds.

Paragraph 020904.C.4.a and b, and 020904.D.3. Adds the phrase "in the immediate area" to describe the availability of the DO.

Paragraph 020904.D.9. Prohibits the use of imprest funds to pay spot awards.

Paragraph 020905.A. Deletes the requirement to issue administrative orders to appoint of an imprest fund cashier.

Paragraph 020906.A. Editorial change ("amount" to "among").

Paragraphs 020906.B, C, and E. Deletes the reference to SF Form 1165, Receipt for Cash Subvoucher. This form is obsolete.

Paragraph 020908. Deletes the requirement for IMPAC credit card holders to be appointed as an imprest fund cashier (former subparagraph C.).

Paragraph 030103. Clarifies the authority needed to approve holding cash at personal risk.

Paragraph 030105.A. Provides examples of items that may be considered to determine cash requirements for a DO's disbursing and accommodation requirements. Also refers to chapter 4 for additional information.

Paragraph 030107.D.1. Adds the word "installation" before "commander".

Paragraph 030201.A. Expands the scope of cash and negotiable instruments to include those held by deputies and agents.

Paragraph 030201.D.1. Editorial change (reworded for consistency throughout the manual).

Paragraph 030302.A.1. Removes the reference to commissaries as it pertains to safeguarding public funds.

Paragraph 030302.B.13. Modifies this paragraph to allow a designated official to retain the combination and/or keys to the DO's safe or vault.

Paragraph 030302.B.16. Authorizes the use of SFs 700, 701, and 702 to assist in controlling and safeguarding public funds.

Paragraph 030304.B. Cross references this paragraph with paragraph 270102 concerning the restrictions on personal valuables.

Paragraph 030401.D. Replaces the "covering transmittal" with "summary of cash transactions and receipt for cash and vouchers on hand".

Paragraph 030404. Revises the entire paragraph to reflect that the responsibility for the Defense Commissary Agency (DeCA) change funds was transferred from DFAS to DeCA beginning August 1994.

Paragraph 030501.A. Changes the reference P.L. 89-265 to 10 U.S.C. 2396 (b).

Section 0306. Adds a new section on the Travelers Check Program.

Section 0307. Adds a section that addresses the Weapons for Cash Program.

Paragraph 040101.B. Removes the reference to commissaries as a place that may provide check cashing services. It also advises commanders that they may request authority to cash negotiable instruments if no other financial institution is available to so do. The request must be approved by the Deputy Director for Finance, DFAS Headquarters.

Paragraph 040101.C. changes the paragraph title to "Overseas Areas and Ships Afloat" and removes the reference to commissaries as a place that may provide check cashing services.

Paragraph 040103. Adds a new paragraph titled "Eligibility" and renumbers the section accordingly. Guidelines are provided on the basic requirement for receiving check cashing services.

Paragraph 040104.G. Adds a cross reference to chapter 12.

Paragraph 040104.J. Revises to make compliant with Treasury guidelines.

Section 0402. Retitles as "Cashing Personal Checks".

Paragraph 040201. Retitles as "Procedures for Cashing Personal Checks Overseas, Aboard Ships, and by Exception Within the United States. Extensively revises the paragraph, providing detailed instructions for cashing checks in various situations and for different DoD Personnel.

Paragraph 040201.B. Adds a paragraph giving exceptions to the general check cashing policy and renumbers the remainder of the paragraph.

Section 0403. Retitles as "Dishonored Checks" and provides procedures for processing dishonored checks received as payment of an obligation to the Government (040301) and dishonored checks received in an accommodation exchange transaction (040302).

Section 0404. Retitles as "Removal of Deficiencies" and addresses Request for Removal (040401), Lost Dishonored Checks (040402), and Forgeries and Other Unusual Circumstances (040403). Also, in paragraph 040403, an editorial change has been made replacing "relief of deficiency" with "relief of liability" for consistency.

Section 0405. Deleted.

Figure 4-1. Adds a new figure that shows samples of check endorsements consenting to pay account collections for dishonored checks.

Paragraph 050102.C. Changes the address used to request authority to deposit with or change a general depository.

Paragraph 050201. Explains cutoff and deposit guidelines in accordance with Treasury Transmittal Letter 536 and the DFAS-DE and DFAS-IN Centers.

Paragraph 050202.C. Details the requirements for deposits made by other than disbursing office personnel and authorizes purchase of money orders or cashier's checks to transmit collections to the disbursing office.

Paragraph 050209. Adds the requirement for the endorser, if other than the drawer, to be listed on the record of negotiable instruments deposited.

Paragraph 050401. Modifies this paragraph to require certification of the \*\*F3878 balance quarterly vice semiannually.

Paragraph 050416. Inserts a new paragraph on the Ca\$h-Link Agency Access System.

Figure 5-11. Gives an example of a Cash Collection Voucher with a deduction for a cashier's check.

Paragraph 060302.A. Defines the circumstances when a loss of all or part of a change fund is determined to have occurred.



Paragraph 060403. Clarifies circumstances under which a minor change fund physical loss occurs and must be reported on the Quarterly Minor Loss Report.

Paragraph 060601. Corrects the title of the Treasury receipt account to read Forfeiture of Unclaimed Money and Property. Also, changes the Deposit Fund Account designation from \*\*X6875 to \*\*X3875.

Paragraph 060701. Removes the qualifying criteria for individuals appointed by commanders as investigating officers for loss of fund occurrences.

Paragraph 060702.B. Requires an investigating officer to determine whether the responsible official was performing official duties when a physical loss of funds or an illegal, incorrect, or improper payment occurred.

Paragraph 060702.E.1. Rewords the paragraph to clarify that the reviewing authority recommends relief from liability of loss be denied as opposed to holding the accountable individual liable for the loss.

Paragraph 061001. Clarifies the timeframe in which to submit a request for relief of liability.

Paragraph 061007.B. Editorial change ("serviced" to "service").

Paragraph 070103.E. Adds a sentence to the end of this paragraph, providing more information on specimen checks.

Paragraphs 070103.F and 070103.G. Adds two subparagraphs further defining check types.

Paragraph 070109. Changes the quarterly requirement for a blank check inventory to at least once every 60 days per the Treasury Financial Manual, Transmittal Letter No. 545.

Paragraph 070110. Provides instructions for reporting checks discovered missing, lost or stolen prior to issuance.

Paragraph 070201. Reports the fee change by the Government Printing Office for canceled orders. Also, adds more information on procuring treasury checks in new subparagraphs 070201.A and 070201.B. Also, includes an editorial change (street address).

Paragraph 070303.B. States that the social security account number should not appear when using window envelopes.

Paragraph 070501. Adds the Postmaster of the United States as an agent authorized to receive exchange-for-cash checks. It also stipulates who exchange-for-cash checks are made payable to.

Paragraph 070504. Deletes the requirement to place a stamped legend on the face of Treasury checks.

Paragraph 0802. Retitles the section "Disposition of Spoiled, Control, and Voided Checks."

Paragraph 080201.B. Changes the retention period for DD Form 2661 from 14 months to 6 years, 3 months to be consistent with the retention of other retained disbursing records.

Paragraph 080203.C. Changes the requirement to store voided checks in the DO's safe only. It also allows for voided checks to be destroyed quarterly vice within 30 days from the date of voiding.

Section 0803, paragraphs 080301 through 080304. Renumbers former paragraphs 080503 and 080503.A through 080503.D. New paragraph 080301 adds a cross reference to new section 0804. The last sentence of new paragraph 080302 revised to clarify that cancellation credit may or may not be provided by the

Treasury and adds a cross reference to new section 0805. The last sentence of new paragraph 080303 was deleted and reference to new section 0806 added.

Section 0804. Renumbers former paragraph 080204 and retitles it as "Cancellation of Available Checks".

Paragraph 080401. Combines former paragraphs 080204.A and 080204.B.1 and retitles as "General". New paragraph 080401 also incorporates the provisions of the Competitive Equality Banking Act of 1987 regarding the one year time limit for negotiating Treasury checks.

Paragraphs 080402.A and 080402.B. Renumbers former paragraphs 080204.B.2.a and 080204.B.2.b. New paragraph 080402.B is modified to cite the SF 1098 vice SF 1198, and to require a check in this category to be marked "VOID - NOT NEGOTIABLE".

Paragraph 080403. Renumbers former section 0803 and paragraph 080301 and retitles as "Undeliverable Treasury Checks".

Paragraphs 080403.A through 080403.A.3. Renumbers former paragraphs 080302, 080302.A and 080302.B. New paragraph 080403.A.1 was updated to reflect the proper referenced paragraph. A new subparagraph 080403.A.3 was added to give more specific guidelines on the time limits for holding undeliverable checks after return to the disbursing officer.

Paragraphs 080403.B, 080403.B.1 through 080403.B.3. Renumbers former paragraphs 080306, 080306.A through 080306.C. New paragraph 080403.B.3 updated to reflect the proper referenced paragraph.

Paragraph 080403.C. Renumbers former paragraph 080305.

Paragraphs 080403.D, 080403.D.1 and 080403.D.2. Renumbers former paragraphs 080205, 080205.A, and 080205.B.

Paragraph 080404. Renumbers former paragraph 080303. The first sentence of new paragraph 080404.B is revised to reflect reference to \*\*F3875 as a budget clearing account vice a suspense account.

Paragraph 080405. Renumbers former paragraph 080204.C and retitles as "Disposition of Canceled Available Checks".

Paragraphs 080405.A through 080405.D. Renumbers former paragraphs 080204.C.1 through 080204.C.4. In the first sentence of paragraph 080405.A the word "paragraph" changes to "section". Paragraphs 080405.C and 080405.D were modified to provide further instructions on depositing canceled checks. Also, requires DOs in Alaska, Hawaii, and foreign countries to deposit canceled checks with the general depository normally used for making deposits to Treasury's General Account.

Paragraph 080406. Combines former paragraphs 080206 and 080304 and retitles as "Claims for the Proceeds of Canceled Available Checks".

Section 0805. Renumbers former section 0804 and revises this entire section, bringing it into compliance with Comptroller General Decision B-242666 dated August 31, 1993, Treasury Financial Manual 1-TFM 4-7000, and Treasury letter of October 30, 1995.

Paragraph 080501. Renumbers former paragraph 080401 and clarifies the general requirements and procedures for cancellation of Treasury checks that are less than 12 months old and not available to the payee or the disbursing officer.

Paragraph 080502. Renumbers former paragraph 080506.D.1 and retitles "Claims of Non-receipt, Destruction, Loss, or Theft". In addition, new paragraph 080502 was revised to specify requirements for

processing payee claims of non-receipt, loss, destruction, or theft of Treasury checks which are less than 12 months old.

Paragraph 080503. Renumbers former paragraph 080402.

Paragraph 080504. Renumbers former paragraph 080403 and clarifies Treasury and DFAS Center distribution of cancellation credits and chargebacks.

Paragraph 080505. Renumbers former paragraph 080404 and clarifies the DO's responsibility for and distribution of the DD Form 2660.

Paragraph 080506. Renumbers former paragraph 080405.

Paragraph 080506.A. Renumbers former paragraph 080405.A and clarifies the authority and circumstances for issuance of recertified checks.

Paragraph 080506.B. Renumbers former paragraph 080405.B and clarifies the limitations under which recertified checks may or may not be issued and provides additional instructions concerning the recertified check process.

Paragraph 080506.C. Renumbers former paragraph 080405.C and clarifies the authority to use stop code "A" on the SF 1184. In addition, new subparagraph 080506.C.2 was modified to remove the inference that only the DO determines when it is in the best interests of the DoD to issue a recertified check. Original subparagraphs 080405.C.5 and 080405.C.6 deleted and subparagraphs 080405.C.7 and 080405.C.8 renumbered as 080506.C.5 and 080506.C.6.

Paragraph 080506.D. Renumbers former paragraph 080405.D. In addition, new subparagraph 080506.D.5 revised to establish a time limit of 30 days for a "recently issued original check".

Paragraph 080506.E. Combines former paragraphs 080405.E, 080405.E.1, and 080405.E.2. References new paragraph 080515 to determine if a recertified check can be issued when the Treasury determines the original check has been negotiated.

Paragraph 080507. Renumbers former paragraph 080406.

Paragraph 080508. Renumbers former paragraph 080407.

Paragraph 080509. Renumbers former paragraph 080408. Makes an editorial change to correct the routing code and add the street address for the Defense Finance and Accounting Service - Cleveland Center.

Paragraph 080510. Renumbers former paragraph 080409. The last sentence revised to indicate the form numbers for a claims document and a claim form.

Paragraph 080511. Renumbers as paragraph 080410.

Paragraphs 080512, 080512.A through 080512.D. Renumbers former paragraphs 080411, 080411.A through 080411.F. The entire paragraph was rewritten to clarify and prescribe the duties and responsibilities associated with credits and charges to the \*\*F3880 account.

Paragraphs 080513, 080513.A through 080513.C. Renumbers former paragraphs 080412, 080412.A through 080412.C. New paragraphs 080513.B and 080513.C are revised to require proceeds of canceled undeliverable and returned recertified checks to be credited to the appropriation charged when the recertified check was issued. New paragraph 080513.D is added to address the disposition of returned and recovered original checks that have been replaced with recertified checks.

Paragraph 080514. Renumbers former paragraph 080413. The entire paragraph was rewritten to be compliant with Comptroller General Decisions B-242666 of August 31, 1993, and B-245536 of September 7, 1993, and Treasury letter of October 30, 1995 regarding forgery of Treasury checks and the Check Forgery Insurance Fund. In addition the paragraph was divided into subparagraphs 080514.A and 080514.B for clarity.

Paragraph 080515. Renumbers former paragraph 080414 and changes to the title to "Forgery Claims".

Paragraphs 080515.A. Renumbers and combines former paragraphs 080414.A through 080414.C. New paragraph 080515.A is rewritten in its entirety to clarify the procedures for processing claims of forgery against Treasury checks and the circumstances under which a DO is authorized to issue a recertified check after Treasury has determined the endorsement of the original check was forged.

Paragraphs 080515.B, 080515.B.1 and 080515.B.2. Renumbers former paragraphs paragraph 080405.F, 080405.F.1, and 080405.F.2. and retitles as "FMS Form 3859, Claims Disposition Notice". New Paragraph 080515.B is revised to clarify the purpose of FMS Form 3859. New subparagraphs 080515.B.1 and 080515.B.2 are revised to clarify the conditions under which a payee is entitled to a recertified payment as well as when and by whom a recertified payment may be issued.

Paragraphs 080516 through 080516.B.2. Renumbers former paragraphs 080415 through 080415.B.2. In addition, new paragraph 080516.B.1 is modified to clarify collection procedures for double negotiations of Treasury checks.

Paragraph 080517. Renumbers former paragraph 080416.

Paragraph 080518. Renumbers former paragraph 080417 and revises the text to clarify the minimum separation of duties requirements.

Section 0806. Renumbers former section 0805 and retitles the section as "Treasury Checks Canceled Under Limited Payability". The entire text of new section 0806 was rewritten to be compliant with the Competitive Equality Banking Act of 1987, Treasury Bulletin 90-03, and Comptroller General Decision B-244431.5 of August 23, 1995.

Paragraph 080601. Renumbers former paragraph 080501 and retitles "Background". New paragraph 080601 was rewritten in its entirety with paragraphs 080601.A through 080601.B added to provide a complete discussion of The Competitive Equality Banking Act of 1987.

Paragraph 080602. Renumbers former paragraph 080502 and retitles as "Treasury Check Payability". It also incorporates former paragraphs 080502.A through 080502.H to provide information regarding the payability of Treasury checks. It also incorporates and revises former paragraph 080506.A to provide detailed information regarding the impact the Competitive Equality Banking Act of 1987 on the payability of Treasury checks.

Paragraph 080603. Renumbers former paragraph 080505 titled "Treasury Check Claimability" and revises it to clarify that any claim on account of a Treasury check is barred unless it is presented within 1 year after the date of issuance. It also incorporates the information formerly found in paragraph 080506.D.

Paragraph 080604. Renumbers former paragraph 080506.B, retitles as "Limited Payability Check Cancellation Process", and revises to provide detailed information on the limited payability check cancellation process.

Paragraph 080605. Renumbers former paragraph 080506.C and revises to clarify the reversal process.

Paragraph 080606. Combines former paragraphs 080507 and 080508.A through 080508.B and retitles "Accounting for Limited Payability Cancellation Credits or Reversals." New paragraph 080606 with subparagraphs 080606.A through 080606.C was completely rewritten to define and prescribe specific responsibilities related to the cancellation credits and credit reversals.

Paragraphs 080607 and 080608. New paragraphs 080607, titled "Claims of Non-payment of the Underlying Obligation", and 080608, titled "Claim Processing Procedures", are added to provide specific requirements and guidelines for accepting and processing payee claims against the underlying obligation represented by Treasury checks canceled under Limited Payability.

Section 0807 and Paragraphs 080701 through 080706. Renumbers former section 0806 and paragraphs 080601 through 080606. In addition, paragraph 080705.A.6.b adds the requirement for the SSN to be included as payee data on a lost, stolen, or destroyed check.

Figure 8-6. Adds the OMB control number and the expiration date of the form.

Paragraph 100105.B. Provides consistency between this paragraph and paragraph 050201 concerning deposit requirements and issuing Treasury checks when transferring funds between appropriations.

Paragraph 100105.C. Authorizes the use of the DD Form 2658 as the control record.

Paragraph 100304. Makes consistent with paragraph 060601 regarding the use of Treasury accounts Forfeiture and Unclaimed Money and Property and the Deposit Fund Account.

Paragraph 110102.A. Adds instructions for correcting payment vouchers.

Paragraph 110102.B.4. Clarifies the requirement to annotate the method of payment of disbursement vouchers.

Paragraph 110203. Deletes the requirement for the disbursing division to maintain a file of DD Forms 577 or letters authorizing third party pickup of check payments.

Paragraph 110205.A.2. Requires that the paying office location is to be included in the voucher validation.

Paragraph 110207. Changes the paragraph title to include manual voucher processing.

Paragraph 110207.C. Clarifies the automated voucher verification requirements.

Paragraph 110207.E. Adds a new subparagraph concerning check numbers on automated disbursement vouchers.

Paragraph 110212. Gives a cross reference in chapter 19 for instructions on reporting deferred vouchers.

Paragraph 110303. Provides corrected information regarding the use of the deposit fund account for collecting overages.

Section 1105. Adds a section designating DFAS-KC/CBP as the office of responsible for coordinating all disbursing matters relating to interagency support agreements.

Paragraph 120104.E. Expands this subparagraph to provide additional travel cost information.

Section 1202. Adds a new section concerning financial transactions with foreign countries and international organizations. The remainder of the chapter is renumbered accordingly.

Paragraph 120302.H. Clarifies the specified time limit for holding foreign currency at personal risk from "7 days" to "7 business days".

Paragraph 120304.E.6. Adds another condition for DOs to follow when repurchasing foreign currency.

Paragraph 120304.G. Adds a subparagraph concerning accommodation exchange afloat.

Table 12-2. Adds a table that shows approved uses of travel and transportation costs involving excess or near-excess currency countries.

Paragraph 130102. Specifies that the number of days supply of foreign currencies is "business" days.

Paragraphs 130209 and 130309. Clarifies that currency is unserviceable whether it is mutilated (torn) or unfit (excessively worn).

Paragraph 130210. Adds a new paragraph on the valuation of foreign precious metal coins.

Section 1303. Revises the title of the section to include other negotiable instruments.

Paragraphs 130306.B, 130306.C, and 130306.D. Changes the servicing commercial banking institution for instruments drawn on foreign banks from Mellon Bank to Citibank.

Paragraph 130306.D. Changes the minimum currency conversion dollar amount.

Paragraph 130306.E. Restructures the entire paragraph. Reflects the change in the Treasury-directed method of depositing foreign currency received in the United States.

Paragraph 130307. Restructures this paragraph to more accurately reflect the procedures used to account for deposits of foreign currency (cash) and foreign negotiable instruments.

Paragraph 130402 and figure 13-4. Adds information on fluctuating rates of foreign currency.

Chapter 14. Reflects the change from TFS Form 2244 to FMS Form 2244 wherever it appears in the chapter.

Paragraph 140102. Revises this paragraph requiring all requests for approval and designation of an LDA to be forwarded through the servicing DFAS Center.

Paragraph 140305.A. Requires a quarterly review of LDA accounts.

Paragraph 180205. References the proper line number on the DD Form 2657 when accounting for destroyed currency, coin, and negotiable instruments.

Paragraph 190102.A. Clarifies the procedures for recording cash submissions on the DD Form 2665 to the DO.

Paragraph 190102.B. Requires DOs aboard Navy vessels to use the DD Form 2657 to balance cash and that their deputies, agents, and cashiers use DD Form 2665.

Paragraph 190105. Replaces "covering transmittal" with "summary of cash transactions".

Paragraph 190106. Adds the notation that an example of DD Form 2659 is included as figure 11-1.

Paragraph 190204.G, 190204.V, and 190206.A. Proves clarification on how to complete the DD Form 2657, Daily Statement of Accountability.

Paragraph 190209. Modifies this paragraph, allowing the disbursing officer to designate responsibility to sign the DD Form 2657 to a deputy.

Paragraph 190309.E. Explains that blank checks on hand are to be recorded on line 42 of the DD Form 2665, Daily Agent Accountability Summary.

Paragraph 190401. Provides more specific information on what are considered business transactions between DOs and their agent officers.

Paragraph 190403. Inserts the word "cash" between "and/or" and "vouchers" wherever it occurs in the paragraph.

Paragraph 190403.F. Adds "paid in cash" after the phrase "enter the amount of the vouchers".

Paragraphs 190503.A.5 and A.13 and 190503.C.1 through C.4. Modifies these subparagraphs for clarification and to assist in the preparation of the SF 1219, Statement of Accountability.

Figure 19-1. Adds a series of examples on how to prepare the DD Form 2657.

Paragraph 200101. Editorial change (insert "office" between "disbursing" and "using").

Paragraphs 200103 and 200103.B. Deletes the reference to obsolete forms.

Paragraph 200104. Establishes a retention period for the DO's original financial returns.

Paragraph 200302. Requires other data to be retained for disbursement-collection vouchers.

Table 20-3. Changes the distribution of the Military Pay Voucher and the Military Payroll Money List.

Chapter 23. Updates the chapter to reflect the deletion of bond stubs.

Paragraph 230904. Editorial change (insert "States" after "United").

Chapter 25. Retitles this chapter as "Questionable, Fraudulent, and Doubtful Claims" to better identify the three distinctly different classes of claims discussed in this chapter.

Paragraph 250101. Editorial change for clarity.

Paragraph 250102.A. Editorial change for clarity.

Paragraph 250102.B. Editorial change for clarity.

Paragraph 250102.C. Requires that requests for advance decisions be submitted through the appropriate chain of command to the servicing DFAS Center and provides the address to which the requests are submitted

Paragraph 250104.B. Revises the first sentence for clarity.

Paragraphs 250202 and 250203. Editorially revised to remove the improper use of the term "doubtful claim".

Paragraph 250204. Retitles the paragraph as "Corrected Claims" and removes the improper use of the term "doubtful claim".

Paragraph 250205. Retitles the paragraph as "Reclaims of Items Disallowed or Recouped Due to Fraud" and editorially revises to remove the improper use of the term "doubtful claims".

Section 2503. Editorially revises the section to properly reference the Act of October 9, 1940 (54 Stat. 106.1; 31 U.S.C. 3702).

Paragraph 250401. Replaces this paragraph in its entirety with data compliant with Title 4, chapter 2, section 5 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies.

Paragraph 250402. Editorial change for clarity.

Chapter 26. Revises and updates the chapter on Automated Teller Machines to incorporate use of ATMs ashore.

Paragraph 280101. Provides a disclaimer for contract, sovereign, and individual garnishment collections for commercial debts from civilian and military employees. Also, specifically excludes child support, alimony, and involuntary allotments from the coverage of Volume 5.

Paragraph 300301.E. Revises procedures for debtor hearings.

Paragraphs 300602 and 300603. Removes the reference to obsolete forms.

Paragraph 310303.B. Indicates the proper version of the IRS Form (1099-C) used to report canceled debt.

Paragraph A10102.E. Revises this paragraph to standardize the cash verification statement throughout Volume 5.

Paragraph A10304. Revises this paragraph to make the distribution of the report of cash verification requirements consistent with paragraph 030201.D.1.

Paragraph C10211. Revises this paragraph to make it consistent with sections 0607 and 0610 concerning reporting an investigation.



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★Department of Defense (DD) Forms can be ordered through normal DoD Component supply channels. Government Printing Office (GPO) Form 2431 can be ordered by completing SF 1, Printing and Binding Requisition to the Public Printer, and forwarding to: GPO - STOP POL Room C838, North Capital and H Street NorthWest, Washington, DC 20401. Blank forms are provided when a disbursing office is established and each time a check order is processed by the servicing DFAS Center.

Bureau of Public Debt (PD) Forms can be obtained from the servicing Federal Reserve Bank or from: Claims Branch, Division of Transactions and Rulings, Bureau of the Public Debt, P.O. Box 1328, Parkersburg, WV 26106-1328.

Postal Service (PS) Forms can be obtained by contacting the Post Office or branch nearest the disbursing office.

Standard Forms (SFs) and Optional Forms (OFs) can be obtained by contacting the General Services Administration store nearest the disbursing officer or from: Furniture Commodity Center, Crystal Mall 4, Room 403, Washington, DC 20406 (Telephone 703-305-6636).

★Treasury Fiscal Service (TFS) and Financial Management Service (FMS) Forms can be obtained from: Property and Supply Section, Logistics Management Division, Financial Management Service, Department of the Treasury, 3361-L 75th Avenue, Landover, MD 20785 (Telephone 301-344-8577).

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DEFINITIONS

1. Accommodation Exchange. The exchange of Treasury checks or U.S. dollar instruments for U.S. dollars (i.e. check cashing). Also, the exchange of U.S. dollars or dollar instruments for foreign currency for the convenience of authorized personnel, or where permitted, the exchange of foreign currencies for U.S. dollars or dollar instruments.
2. Accountable Official. The term "Accountable Official" as used in this Volume refers to all personnel, whether military or civilian, to whom public funds are entrusted and includes the disbursing officer as well as the deputies, agents, (e.g., collection agents, paying agents, etc.), cashiers, and imprest fund cashiers to whom the disbursing officer advances public funds for the purpose of making disbursements.
3. Administrative Hearing. Administrative hearings are examinations of debt documentation done in lieu of oral hearings. Administrative hearings will be made by hearing officials who have been authorized to hold hearings for debts being reviewed.
4. Administrative Offset. Administrative offset is the withholding of money payable by the United States to, or held by the United States for a debtor to satisfy a debt the debtor owes the United States. Administrative offset includes offset from salary (pay).
5. Agent. An agent of a disbursing officer is an individual who is acting under a formal letter of appointment from the disbursing officer. Agents are not authorized to sign U.S. Treasury checks. The disbursing officer may authorize an agent to perform any duty (other than signing checks or the Statement of Accountability and other documents attesting to the disbursing officer's accountability) relating to public funds in the name of and for the account of the disbursing officer. These duties usually consist of making cash payments and collections, performing check cashing services, and preparation of financial documents. Agents may be authorized to sign such other official documents attesting to transactions made by the agent as specifically designated by the disbursing officer. In certain instances, the DFAS Centers may approve Treasury check issue authority for a disbursing agent who meets the minimum qualification requirements of a deputy disbursing officer and who is, in fact, appointed as a deputy.
6. Annuity. An annuity is the monthly benefit payable to an annuitant or survivor annuitant.
7. Authorized Personnel. All individuals authorized to purchase goods, supplies, and services from facilities controlled or sponsored by the U.S. Government that operate in a designated military payment certificate (MPC) area. U.S. Government facilities and personnel authorized to hold and use MPCs are categorized in Military Department and Unified Command regulations. All military and civilian personnel under the jurisdiction of the Department of Defense as well as authorized dependents either collocated with sponsors or located at safehaven areas during emergency evacuations.
8. Automated Teller Machines at Sea. A pay delivery system aboard Naval vessels which accepts an electronic transfer of net pay and allowances due to each account holder. The funds are then delivered at various machines located throughout the vessel.
9. Basic Agreement. An intergovernmental agreement negotiated with the government of a friendly nation that states, in general terms the policies of Public Law 89-265, and authorizes their use by mutual consent.
10. Canceled Check
  - a. Available Check. A check which is in the possession of the disbursing officer and is canceled due to non-entitlement or because it is mutilated or undeliverable.
  - b. Unavailable Check. A properly vouchered and issued check which is not held by the disbursing officer or payee (not received by payee, lost, or destroyed).
  - c. Mass Canceled Check. A Treasury check issued prior to October 1, 1989, which was automatically canceled by Treasury if not cashed by October 1, 1990.

d. Limited Payability Canceled Check. A Treasury check issued on or after October 1, 1989 which is automatically canceled by Treasury if not cashed within 12 months from the date of issue.

11. Cancellation. The process whereby an issued check that has not been presented for payment is put in a paid status in the Department of the Treasury's Check Payment and Reconciliation system.

12. Ca\$h-Link Identification Number. A nine-digit identification number used by the Federal Reserve Banks (FRB) or branches as a part of their deposit reporting and cash concentration system. All deposits to an FRB or branch must indicate this nine-digit identification number in block 3 of the deposit ticket instead of the disbursing station symbol number. The identification number is derived by adding four leading zeroes to the symbol number and calculating a check-digit for the ninth position.

13. Cashier. A cashier can be a military or civilian employee designated by the disbursing officer to perform duties involving the handling of public funds. The recruitment, screening, and selection of persons for cashier positions should be accomplished with primary regard to the sensitive nature of the position.

14. Certificated Air Carrier. A U.S. air carrier that has been issued a certificate of public convenience and necessity under the provisions of Title 49, United States Code, section 1371.

15. Certifying Officer. An individual designated to attest to the correctness of statements, facts, accounts, and amounts appearing on a voucher, or other documents.

16. Change Fund Custodian. A change fund custodian operates from an appropriated fund sales activity (e.g., dining hall, hospital, commissary) and is responsible for safeguarding the funds provided and may be held pecuniarily liable for any loss of the change fund.

17. Check Issue Discrepancies

a. General. A check issue discrepancy occurs when the issue amount reported by the disbursing office differs from the amount for

which the check was actually issued as evidenced by the printed amount on the check itself when presented for payment.

b. Check Issue Overdraft

(1) Treasury Check. A check issue overdraft occurs when the amount printed on a check and paid by the Treasury is greater than the issue amount of that check as reported by the DO on the check issue report. A check issue overdraft also occurs when the amount printed on a check and paid by the Treasury is greater than the amount due as shown on the payment voucher.

(2) Limited Depository Check. A check issue overdraft occurs when the amount printed on a check and paid by the Limited Depository Bank is greater than the issue amount of that check as reported by the DO on the check issue report. A check issue overdraft also occurs when the amount printed on a check and paid by the Limited Depository Bank is greater than the amount due as shown on the payment voucher.

c. Check Issue Underdraft

(1) Treasury Check. A check issue underdraft occurs when the amount printed on the check and paid by the Treasury is less than the issue amount of that check as reported by the DO on the check issue report. A check issue underdraft also occurs when the amount printed on a check and paid by the Treasury is less than the amount due as shown on the payment voucher.

(2) Limited Depository Check. A check issue underdraft occurs when the amount printed on the check and paid by the Limited Depository Bank is less than the issue amount of that check as reported by the DO on the check issue report. A check issue underdraft also occurs when the amount printed on a check and paid by the Limited Depository Bank is less than the amount due as shown on the payment voucher.

18. Check Status Inquiry. An inquiry by a Government agency as to the payment status of a check or a request for a copy of a check.

19. Claimability. The length of time a payee can present a claim of non-receipt, loss, or theft of a U.S. Treasury check to a Government agency. Claims continue to be valid on an underlying obligation until expiration of the statute of limitations, normally for 6 years. If the payee's right to entitlement to funds has expired, the claim is denied.

20. Coin. Metallic specie representing either U.S. dollars and foreign currency units, fractional amounts, or multiples thereof.

21. Collection Agent. A collection agent is an individual who has been designated to perform duties relating to the collection of official funds, including funds held as safekeeping deposits, at a point other than a disbursing office. The individual designated as a collection agent must perform the collection duties under the general supervision of and as prescribed by the appointing officer. Responsibility for duties and functions should be segregated between receipt of funds, recordkeeping, determination of amount owed, and making demands on the debtor, so as to minimize opportunities for unauthorized, fraudulent, or otherwise irregular acts. Collection agents should not be involved with billing or accounting for funds received. Additionally, disbursing office personnel will not be designated as collection agents. A collection agent is appointed by the local commander.

22. Collections. All acquisitions of U.S. and foreign currencies except those acquired by the United States through purchase with dollars or accommodation exchange transactions.

\*23. Commander. The term "Commander" as used in this Volume refers to a Director of the servicing DFAS Center, base commander, installation commander, commanding officer, commander-in-chief, officer-in-charge, or equivalent civilian head within the chain of command of the activity or individual concerned.

24. Consent. Consent means a debtor has agreed to salary or administrative offset. Consent may be implied or in writing.

25. Continental United States (CONUS). The term "continental United States," unless otherwise qualified, means the 48 contiguous states and the District of Columbia.

26. Contingency. As designated by the Chairman, Joint Chiefs of Staff (CJCS), an emergency involving military forces caused by natural disasters, terrorists, subversions, or by required military operations. Due to the uncertainty of the situation, contingencies require plans, rapid response, and special procedures to ensure the safety and readiness of personnel, installations, and equipment.

27. Contributed Currencies. The term "contributed currencies" refers to currencies made available to the United States by foreign governments for administrative expenses of the Security Assistance Program in accordance with mutual security bilateral agreements.

28. Control Checks. A control check is a check without a preprinted serial number used to replace prenumbered check stock that is spoiled for any reason. Control checks are numbered in the bottom center with a control number.

\*29. Convening Authority. The term "convening authority" as used in appendix C and the term "commander" as used in chapter 6 in relation to the authority to appoint an investigating officer(s) or board(s) of officers to conduct investigations of losses of funds are synonymous. The "commander/convening authority" responsible for appointing an officer(s) or board(s) of officers to conduct investigations for losses of funds is the commander in the disbursing officer's chain-of-command who has command authority over all accountable individuals involved in a fiscal irregularity.

30. Country Use Currency. Currency in the custody of the participating foreign government which may be expended under mutual agreements for loans and grants within the country involved and is not controlled under the dollar appropriation process.

31. Credit Card Collections. A Government-wide network established by the Treasury to enable the Federal Government to accept credit cards from the public to collect payment for sales, services, debts, etc.

32. Creditor Component or Agency. A creditor component or agency is the DoD Component, Federal agency, or organization owed money or property.

33. Currency. Paper money in the form of U.S. dollars, foreign banknotes, and military payment certificates.

34. Currency Use Payments (CUP). Foreign currency, other than excess or near-excess foreign currencies, comprising a part of the purchase price of U.S. products or services (most generally U.S. surplus agricultural commodities) that, by agreement between the two nations, will remain in that country and be spent by that country.

35. Current Limited Depositary Check. A check unpaid and outstanding against the limited depositary checking account for any time less than one full fiscal year after the fiscal year in which the check was issued.

36. Debt. A debt is any amount of money or any property owed to a DoD Component by any person, organization, or entity except another United States Federal agency. Debts include insured or guaranteed loans and any other amounts due from fees, leases, rents, royalties, services, sales of real or personal property, or overpayments, penalties, damages, interest, fines and forfeitures, and all other claims and similar sources. Delays in processing employee elected coverage or a change in coverage under federal benefits programs and delays in processing ministerial adjustments are not normally considered debts if processing delays did not exceed 2 monthly or 4 biweekly pay periods. Fines and forfeitures arising under the Uniform Code of Military Justice are not subject to the due process provisions of this regulation. Amounts due a nonappropriated fund instrumentality are not debts owed the United States unless specifically included by this regulation.

37. Debt Compromise. Settlement of a debt for less than the full amount owed.

38. Default. A default occurs when a debtor fails to make a debt payment by the due date.

39. Delinquent Debt. A debt is delinquent if it has not been paid by the due date specified in the initial demand letter, normally within 30 days, unless other satisfactory payment arrangements have been made by that date. A debt is delinquent any time thereafter a debtor fails to satisfy obligations under a payment agreement.

40. Deposits-In-Transit System. A Treasury Department system that identifies, notifies, and possibly charges or credits disbursing officer (or bank) deposit discrepancies back to the disbursing officer.

41. Deputy Disbursing Officer. An individual appointed by the disbursing officer to act in the name of and for that disbursing officer to perform any and all acts relating to the receipt, disbursement, custody, and accounting for public funds. The appointing disbursing officer may restrict the acts a deputy is authorized to perform.

42. Direct Deposit System. Electronic Funds Transfer of net pay and allowances, travel, and savings allotments for civilian or military personnel to their personal bank account. For military personnel, dependent's allotments may also be included.

43. Disbursing Agent. A disbursing agent is an agent to the disbursing officer that has not been appointed as a deputy disbursing officer. Generally, a disbursing agent operates a permanently located disbursing office of considerable size that is geographically separated from the disbursing officer's office, however the use of disbursing agents is not restricted to geographic separation from the DO.

44. Disbursing Office. A disbursing office is an activity or that organizational unit of an activity whose principal function consists of the disbursement and collection of public funds. The term disbursing office includes both tactical and non-tactical disbursing activities. Each disbursing office will have a disbursing officer and at least one deputy position. Disbursing offices within DoD were formerly referred to as Finance and Accounting Offices (FAO), Accounting and Finance Offices (AFO), and Finance Offices (FO).

45. Disbursing Officer (DO). A military or civilian employee of a DoD Component designated to disburse moneys and render accounts according to laws and regulations governing the disbursement of public moneys.

46. Disbursing Station Symbol Number (DSSN). A four-digit number assigned to each disbursing office by the Treasury. The DSSN is an identification number that indicates authority to receive

and disburse public funds and issue checks on the Treasurer of the United States.

47. Dishonored Instrument. Any negotiable instrument (other than a Treasury check) which becomes dishonored (returned by a depository) for any reason.

48. Disposable Pay. Disposable pay is that amount which remains after pay (salary) is reduced by amounts which are:

- a. required by law to be deducted;
- b. properly withheld for federal, state, and local income taxes;
- c. deducted as health insurance premiums;
- d. deducted as normal retirement contributions; and
- e. deducted as normal life insurance premiums.

\*49. Doctrine of Laches. The Doctrine of Laches is based upon neglect or omission to do what one should warrants presumption that one has abandoned right or claim. That is, if a payee neglects or fails to file a timely request, the payor can presume that the payee has abandoned the claim.

50. DoD Component. DoD Components include the Office of the Secretary of Defense; the Chairman, Joint Chiefs of Staff and the Joint Staff; the Inspector General of the Department of Defense; the Military Departments including the Coast Guard when assigned to the Department of the Navy; Defense Agencies; DoD Field Activities; the Unified and Specified Commands; the Uniformed Services University of the Health Sciences; and, all non-appropriated fund instrumentalities. As used in this Volume, the term DoD Component also refers to a ship, camp, post, station, base, activity, unit, installation, or facility.

51. Duplicate Check. Two checks issued by the same DSSN with the same serial number.

52. Electronic Certification. An automated function which permits the secure, accurate, and

rapid communication and certification of payment data. Electronic certification also eliminates the highly labor-intensive processing of paper documents. It allows Components to generate and certify voucher schedules on microcomputers, and then transmit the data over telephone lines. Payments are verified and accepted using message authentication technology.

53. Electronic Commerce. A wide range of financial functions which are performed using data communications techniques.

54. Electronic Data Interchange (EDI). The exchange of standardized information between business partners typically communicated electronically between computers. It is DoD policy that DoD Component EDI applications shall conform to the American National Standards Institute (ANSI), Accredited Standards Committee (ASC) X12 standard.

55. Electronic Funds Transfer (EFT). A system that provides the authority to debit or credit accounts in financial institutions by electronic means rather than source documents (e.g., paper checks). Processing typically occurs through the Federal Reserve System and/or the Automated Clearing House (ACH) computer network. EFT transmissions shall conform to the American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 standard.

56. Emergency Condition. Any situation resulting from war, armed aggression, or other hostilities against U.S. personnel or interests; and sudden, extensive natural or manmade disasters.

57. Employee. Employees are current or retired civilians paid from appropriated funds.

58. Excess Foreign Currencies. U.S.-owned foreign currencies that the Treasury has determined to be in excess of normal requirements of the U.S. Government (generally more than a 2-year supply) in the country concerned.

59. Exchange-for-Cash Check. A check issued by a disbursing officer to obtain cash funds for disbursements or in exchange for cash for official or accommodation purposes.

60. Foreign Currency Fund Account. Accounts established for recording foreign currency acquired without payment of U.S. dollars abroad and which may be expended with or without charge to dollar appropriations. The short title for these accounts is "FT" accounts.

61. Foreign Exchange. A term with the same meaning as foreign currency; i.e., the legal monetary unit of a foreign nation and negotiable instruments, such as travelers checks, money orders, and bank drafts, payable in such monetary units.

62. Fraudulent Claim. A fraudulent claim is any claim against the Government involving the presentation of false information, or misrepresentation on the part of a claimant or any other party having an interest in a claim.

63. Functional Area. Each individual unit of a disbursing office (also known as subject matter areas) responsible for specific types of transactions. For example: Accounts Control; Travel; Military Pay; Commercial Services; Civilian Pay; or Fiscal.

64. General Depository. A financial institution (also called Treasury General Account (TGA) Depositaries) designated by Treasury to accept deposits of cash and checks from specifically authorized disbursing officers.

65. Holder-in-Due-Course. A holder-in-due-course is a person, financial institution, or business other than the original payee who, in good faith, takes possession of a check through endorsement. A claim to payment by a holder-in-due-course will be honored, even if the original payee is not due or entitled to the check.

66. Illegal, Incorrect, or Improper Payment. An illegal, incorrect, or improper payment is defined as:

- a. an overpayment of a payee;
- b. two or more payments to a payee for the same entitlement;
- c. a payment to the wrong payee;
- d. a U.S. Treasury check issue over-draft (in some instances);

e. a negotiation of both the original and a substitute U.S. Treasury check;

f. a negotiation of both the original and a recertified U.S. Treasury check;

g. any payment based on fraudulent, forged, or altered documents prepared or presented by individuals who do not work in the disbursing office; or

h. a payment made in violation of a regulation.

67. Imprest Fund. A cash fund of a fixed amount established by an advance of funds, without charge to an appropriation, from a disbursing officer to a duly appointed cashier, for disbursement as needed in making cash payment for relatively small purchases.

68. Imprest Fund Cashier. An individual appointed by the local commander to make authorized cash payments for materials or services. An imprest fund cashier is required to maintain custody of public funds and to file periodic vouchers to account for and replenish the imprest fund. Disbursing personnel are not eligible for appointment as imprest fund cashiers.

69. Irregularity in a Disbursing Officer's Account. An irregularity in a disbursing officer's account is any action (or lack thereof), event, practice, or circumstance that causes an out of balance condition in the financial accountability to the United States of the disbursing officer and/or deputies, agents, and cashiers to whom public funds have been entrusted.

70. Limited Depository. A U.S. or foreign commercial bank designated by the Treasury to receive deposits from disbursing officers for credit to their official limited depository checking accounts.

71. Limited Depository Account. A checking account in foreign currency maintained in a limited depository by a disbursing officer (DO). The account is in the name of the DO. Limited depository accounts may also be referred to as operating accounts.



72. Lockbox. A collection and processing service provided by a financial institution to accelerate cash flow to the Treasury General Account (TGA).
73. Member. Military personnel on active duty or retired (including those receiving retainer pay) from active duty in a military service or Reserve or National Guard personnel on active duty or retired.
74. Military Payment Certificate (MPC). An instrument (scrip) denominated in U.S. dollars that is used as the official medium of exchange at U.S. military establishments in overseas areas that are designated as "MPC Areas." MPCs are implemented, circulated, converted, withdrawn, and accounted for by series number. The notes of each MPC series have distinctive designs, colors, symbols, and numbering with each denomination (\$1.00, \$5.00, \$10.00 and \$20.00) within a series being a different color. Each note shall bear the statement "For use only in U.S. military establishments by U.S.-authorized personnel in accordance with applicable rules and regulations" and shall contain special coding or markings to verify its authenticity.
75. Military Payment Certificate (MPC) Area. A particular foreign country or other geographic or geopolitical area that has been officially designated as such by the Comptroller, DoD.
76. Military Payment Certificate (MPC) Conversion. The authorized withdrawal of an MPC series currently in circulation as legal tender and the concomitant introduction and designation of a new MPC series as legal tender.
77. Military Payment Certificate (MPC) Reserve Series. MPCs of a series physically available but not placed in circulation as legal tender.
78. Military Post Office Addresses. Military post office addresses (APO and FPO) are required to be compatible with automated mail processing. The next to the bottom line will show a "Unit" or "Postal Service Center" number followed by a box number (if appropriate). This line will equate to the U.S. Postal Service's standard street address and apartment number format. The bottom line is required to be compatible with the U.S. Postal Service's standard city, state, ZIP Code format.
- a. APO and FPO are the "city" name.
- b. The "state" abbreviation is shown below.
- (1) AE is the state designator for military post offices located in Canada, Europe, Africa, and the Middle East. For example, APO New York is now APO AE and FPO New York is FPO AE.
- (2) AA is the state designator for military post offices located in Central and South America. For example, APO Miami is now APO AA and FPO Miami is FPO AA.
- (3) AP is the state designator for military post offices located in Alaska and the Pacific area. For example, APO San Francisco and APO Seattle are now APO AP and FPO San Francisco and FPO Seattle are FPO AP.
79. Ministerial Adjustment. A ministerial adjustment is any non-discretionary pay adjustment such as an adjustment prescribed by statute or regulation.
80. Near-Excess Currencies. U.S.-owned foreign currencies that the Treasury has determined to be above immediate needs within the country concerned but not sufficient to be declared excess.
81. Non-tactical Disbursing Activity. As used in this Volume, a disbursing activity permanently assigned to a post, camp, station, base, etc., and not subject to mobilization or deployment.
- ★82. Officer or Military Officer. As used in this Volume, officer or military officer includes all commissioned and warrant officers (appointed officers) of the uniformed services.
83. On-Line Payment and Collection System. An automated intragovernmental system used for billing services and supplies.
84. Oral Hearing. An oral hearing is an informal oral proceeding held by a hearing official with representatives of the creditor agency, the debtor or representative, and witnesses present.
85. Out of Service Debtor. A former civilian employee, a former member of the Armed

Forces, or any other individual who is not receiving any compensation from the Federal Government.

86. Outstanding Check. A check is identified as outstanding when the Treasury Check Payment and Reconciliation (CP&R) system has the check recorded as issued but not paid.

87. Overage of Funds. Funds held in an amount greater than the amount shown to be on hand by the daily accountability records.

88. Overseas. For purposes of this Regulation, any area located outside the states of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

89. Paid Status. A check is identified as paid when it has been presented to the U.S. Treasury for payment through the banking system, reported as a void (zero value issue), or when it has been canceled.

90. Pay (Salary). In this regulation, pay and salary have the same meaning. They include basic, special, incentive, retired, or retainer pay, consultant's fees, and any other authorized pay and allowances.

91. Pay Period. Pay periods are normally biweekly for civilians working for federal agencies; monthly for active duty military and all retirees; periodically based on completion of active or inactive duty for training for reserve personnel; and weekly for piecework employees at the Defense Personnel Support Center's clothing factory.

92. Payability. The term "payability" as used in this Volume is the length of time a U.S. Treasury check can be negotiated.

93. Paying Agency. The paying agency is the DoD Component or Federal agency authorizing or disbursing payment.

94. Paying Agent. A paying agent is a military or civilian employee appointed by the commander to act as an agent of a disbursing officer. The purpose of a paying agent is to make specific payments, currency conversions, or check cashing transactions from funds temporarily advanced to the agent by the disbursing officer.

Paying agents are individuals whose regular duties do not involve disbursing functions and who are not organizationally located in the disbursing office. They are appointed to the position of paying agent as a collateral duty and will be under the exclusive supervision of the disbursing officer in all matters concerning custody and disposition of funds advanced to them. They will comply with all instructions and regulations pertaining to their paying agent duties as issued by the disbursing officer. All payments or currency conversions made by a paying agent are made for and in the name of the disbursing officer. Funds advanced to a paying agent are held at personal risk by the paying agent and must be accounted for to the disbursing officer immediately upon completion of the transaction(s) for which advanced.

95. Physical Loss of Funds. A physical loss of funds is defined as:

a. a loss of official cash by theft, embezzlement, unexplained disappearance, or cash handling errors;

b. a loss of paid vouchers and/or negotiable instruments from a disbursing office;

c. a loss of an official deposit en route from a disbursing office to a depository or after confirmation by a depository;

d. any payment based on fraudulent, forged, or altered documents prepared or presented by individuals, both accountable and non-accountable disbursing personnel, who work in the disbursing office;

e. a loss or theft of cash from an imprest fund;

f. a failure to obtain (or loss of) official receipts and/or documents representing cash;

g. a loss or destruction by fire, accident, or natural disaster; or

h. stale or unidentifiable DO suspense account charges (DITS).

96. Prevailing Rate of Exchange. The most favorable rate that would be legally available to the U.S. Government for the acquisition of

foreign exchange for its official expenditures and accommodation exchange transactions.

97. Recertified Check Payment. A replacement payment using a U.S. Treasury check bearing a different check serial number from the original check. A recertified check may be issued to replace any lost, stolen, or destroyed original check (except holder-in-due-course), regardless of the disbursement purpose (e.g., pay, travel, or vendor payment).

98. Reconsideration. Reconsideration is a creditor organization review of the written debt record. The review will consider debtors' submissions and will result in a new determination as to debt validity and amount and propriety of an offset schedule established other than by agreement with a debtor.

99. Recovered Check. An original check which is returned to or recovered by the disbursing officer after it has been canceled by submission of an SF 1184, Unavailable Check Cancellation. A recovered check can also be a recertified check which is returned to or recovered by the disbursing officer after the original check which it replaced has been negotiated by the payee.

100. Routine Pay Adjustment. A routine pay adjustment is the correction of an overpayment to a member resulting from clerical or administrative error or delay in processing pay documents that is discovered and corrected (that is, collection action is completed) within no more than 2 monthly or 4 biweekly pay periods after the date the overpayment was originally made.

101. Salary Offset. In this regulation, salary offset is the collection of a debt from the current salary (pay) of a debtor under 5 U.S.C. 5514 authority.

102. Settlement Office. A disbursing office designated to clear any outstanding transactions and/or deficiencies from the accounts of predecessor disbursing officers. The disbursing officer assigned to the settlement office is referred to as settlement officer.

103. Small Differences. The term "small differences" as used in this Volume refers to any check issue discrepancy (involving a Treasury check) which is \$1 or less.

104. Special Drawing Right (SDR). An international reserve asset created by the International Monetary Fund (IMF) to supplement the existing reserve assets of its member countries. The SDR is the IMF's unit of account and SDRs may be used by members in transactions with the IMF, other member countries, and other authorized holders. Since January 1, 1981, a basket of five currencies (the U.S. dollar, Deutschmark, French franc, Japanese yen, and Pound sterling) serves as the basis for determining both the valuation and the interest rate of the SDR.

105. Spoiled Check. A check that is misprinted, mutilated, or returned by the payee as uncashable. Spoiled checks are replaced by control checks.

106. Supplemental Agreement. The local operating procedures formulated and used by the commanders of the armed forces of two friendly foreign nations, whose governments have signed a basic agreement, as contemplated under Public Law 96-436. Such procedures shall be used in territories of mutual concern to provide each other with emergency financial support, under the policies of the basic agreement. Supplemental agreements may be entered into by commanders of unified or separate armed forces, as considered appropriate.

\*107. Tactical Disbursing Activity. As used in this Volume, any tactical unit (including Navy ships) that is authorized to provide disbursing services under an assigned Disbursing Station Symbol Number (DSSN) and is subject to movement from one location to another. Some tactical disbursing activities provide disbursing services on a full-time basis (as in the case of Navy ships). Others perform disbursing services only while in a deployed (or mobilized) status. When not deployed, the DSSNs are held in reserve in an inactive status to be activated on short notice as required.

\*108. Tolled. To suspend or stop temporarily as the statute of limitations is tolled.

109. Treasury General Account (TGA). A bank account in a commercial bank or other financial institution (FI) in which an agency can deposit cash and checks. TGAs are designed to move funds quickly and efficiently from numerous and widely dispersed points of initial deposit to a

centrally controlled, or "concentration," account. TGA depositaries are selected on the basis of their proximity to Federal agencies. The receipts are hand-delivered to the bank prior to the bank's deposit cutoff time. This reduces processing float. Mailing deposits to a TGA is not allowed without prior approval from the Department of the Treasury, Financial Management Service (FMS).

110. U.S.-Owned Foreign Currency. Currency of a foreign country that is as follows:

- a. owned by the United States;
- b. determined excess or near-excess by the U.S. Treasury Department;
- c. available in the country of issuance to pay obligations of the United States within that country; and
- d. disbursed by the U.S. Treasury disbursing officer in the country concerned, either directly to a contractor or to a DoD disbursing officer, as appropriate.

111. Uncurrent Limited Depositary Check. A check drawn on a limited depositary which is unpaid and outstanding against the limited depositary checking account for at least one full fiscal year after the fiscal year in which the check was issued, except where the laws of the country in which the limited depositary is located provide that the negotiable period of a check is shorter.

112. Undeliverable Check. A check that is not delivered to the payee within 60 days after the month of issue.

113. United States. The term "United States," unless otherwise qualified, means the 48 contiguous states, the District of Columbia, and the States of Alaska and Hawaii.

114. United States Use Currency. Currency usually expended through the dollar appropriation process to pay U.S. obligations abroad; to pay for U.S. technical, scientific, and other programs; and to make sales for dollars to U.S. citizens and nonprofit organizations in selected countries.

115. Valuables. The term "valuables" means any articles or things or representation of value in which the United States has any interest, or in connection with which it has any obligation or responsibility.

116. Vendor Express. Electronic Funds Transfer to a company or corporate bank account of the payment due a vendor for rendering goods or services to the Government.

117. Voided Check. A check that is:

- a. prenumbered with a serial number;
- b. voided for any reason prior to reporting as a check issue by the disbursing officer;
- c. reported as a zero dollar value issue; and
- d. not replaced by another check.

ABBREVIATIONS AND/OR ACRONYMS

ABA	American Bankers Association
ACH	Automated Clearing House
ADCC	Adjudication Division, Check Claims, Department of the Treasury
AFB	Air Force Base
ALC	Agency Location Code
ANSI	American National Standards Institute
ASC	Accredited Standards Committee
ATM	Automated Teller Machine
BAC	Billing Address Code
CDN	Claims Disposition Notice
CFR	Code of Federal Regulations
CIN	Ca\$h-Link Indicator Number
CJCS	Chairman, Joint Chiefs of Staff
C.O.D.	Cash on Delivery
Comp. Gen.	Comptroller General of the United States
CPU	Central Processing Unit
CP&R	Check Payment and Reconciliation System
CSD	Computer Services Division, Financial Management Service, Department of the Treasury
DAO	Defense Accounting Office
DAS	Daily Advice of Status
DCC	Division of Check Claims, Financial Management Service, Department of the Treasury
DD	Department of Defense Form
DDO	Deputy Disbursing Officer
DDS	Direct Deposit System
DD/EFT	Direct Deposit/Electronic Funds Transfer
DFAS	Defense Finance and Accounting Service
DO	Disbursing Officer
DoD	Department of Defense
DoD(C)	Comptroller of the Department of Defense
DOJ	Department of Justice
DPO	Defense Printing Office
DSN	Defense Switching Network
DSSN	Disbursing Station Symbol Number
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
EIN	Employer Identification Number
FAADC	Fleet Accounting and Disbursing Center
FAR	Federal Acquisition Regulation
FDIC	Federal Deposit Insurance Corporation
FDS	Fedwire Deposit System
FI	Financial Institution
FIPC	Financial Information Processing Center
FMS	Financial Management Service, Department of the Treasury
FRB	Federal Reserve Bank
FRS	Federal Reserve System
FTS	Federal Telephone Service
GAO	General Accounting Office
GBL	Government Bill of Lading
GPO	Government Printing Office

ICN	Inventory Control Number
ILC	Irrevocable Letter of Credit
IMF	International Monetary Fund
IRS	Internal Revenue Service
JCL	Job Control Language
JCS	Joint Chiefs of Staff
JUMPS	Joint Uniform Military Pay System
LD	Limited Depositary
LDA	Limited Depositary Account
LVL or LVL8	Level 8 Magnetic Tape Reports
MBF	Military Banking Facility
MICR	Magnetic Ink Character Recognition
MMPA	Master Military Pay Account
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MPC	Military Payment Certificates
NCUSIF	National Credit Union Share Insurance Fund
OCR	Optical Character Recognition
OF	Optional Form
OMB	Office of Management and Budget
OPAC	On-Line Payment and Collection System
OPM	Office of Personnel Management
OSD	Office of the Secretary of Defense
★OUSD (C) AP	Office of the Under Secretary of Defense (Comptroller) Accounting Policy
O&M	Operations and Maintenance
PIN	Personal Identification Number
PL	Public Law
RTN	Routing and Transit Number
SDN	Standard Document Number
SDR	Special Drawing Right
SF	Standard Form
SSN	Social Security Number
TFO	Transaction for Others
TFS	Treasury Financial Service
TGA	Treasury General Account
Treasury	Department of the Treasury
UCC	Unavailable Check Cancellation
U.S.C.	United States Code
USDA	United States Department of Agriculture
USPS	United States Postal Service
WHS	Washington Headquarters Service

# **PART ONE**

## **DISBURSING**

## CHAPTER 01

PURPOSE, ORGANIZATION, AND DUTIES0101 PURPOSE

010101. Authority. This Volume of the Department of Defense Financial Management Regulation is issued under the authority of DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," (reference (a)). It governs all DoD disbursing policy by establishing and enforcing requirements, principles, standards, responsibilities, procedures, practices, and liability for disbursing officers (DOs) throughout the DoD. This Volume incorporates the policies and procedures of references (b) through (k), which are hereby canceled.

010102. Recommended Changes. Forward recommended changes to this Volume through channels to: Office of the Comptroller of the Department of Defense, Room 3E822, The Pentagon, Washington, DC 20301-1100.,

010103. Requests for Deviation or Exceptions. Submit requests for deviations from or exceptions to the policies, procedures, and standards in this Volume, with complete justification, through channels to: Office of the Comptroller of the Department of Defense, Room 3E822, The Pentagon, Washington, DC 20301-1100.

010104. Use of This Volume. Various paragraphs in this Volume specify the use of specific Treasury symbols (e.g., \*\*F3880, \*\*F3878, or \*\*F3875). In all instances, the double asterisk must be replaced by the appropriate DoD Component designator of 17 for Navy (including Marine Corps), 21 for Army, 57 for Air Force, or 97 for Defense, as appropriate. This Volume also prescribes the use of specific forms. Some of these forms are currently used by the DoD Components. However, some of the DoD Components are using specific DoD Component forms in lieu of the prescribed forms. In many instances, these equivalent forms are generated by disbursing systems currently in operation. It is not necessary or desirable for the DoD Components to modify existing disbursing systems to incorporate the forms prescribed by this Volume. Affected Components should continue to use existing automated systems and the forms they

generate until all existing disbursing systems are replaced by a standard DoD disbursing system. However, all disbursing offices which manually prepare forms are required to begin using the forms prescribed herein as soon as supplies of the forms can be obtained through normal supply channels. Examples of forms provided in this Volume are for illustrative purposes only. Under no circumstances should they be reproduced for use.

0102 ORGANIZATION

010201. Defense Finance and Accounting Service (DFAS). Pursuant to the authority vested in the Secretary of Defense under the provisions of Title 10, United States Code (reference (l)), the DFAS was established as an agency of the DoD by DoD Directive 5118.5 (reference (m)). The DFAS is under the direction, authority, and control of the Comptroller of the Department of Defense (DoD(C)). The Director, DFAS is the principal DoD executive for finance and accounting requirements, systems, and functions identified in DoD Directive 5118.3 (reference (n)), and shall:

A. Direct finance and accounting requirements, systems, and functions for all appropriated, nonappropriated, working capital, revolving, and trust fund activities, including security assistance.

B. Establish and enforce requirements, principles, standards, systems, procedures, and practices necessary to comply with finance and accounting statutory and regulatory requirements.

C. Provide finance and accounting services for DoD Components and other Federal activities.

D. Direct the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems and ensure their proper relationship with other DoD functional areas.



E. Execute statutory and regulatory financial reporting requirements and render financial statements.

F. Approve the establishment or maintenance of all finance and accounting activities independent of the DFAS.

The mailing address for DFAS Headquarters is: Director, Defense Finance and Accounting Service, DFAS-HQ/\_\_\_, 1931 Jefferson Davis Highway, Arlington, VA 22240-5291.

★010202. Defense Finance and Accounting Service Centers. Effective January 20, 1991, the DFAS took operational control of the DoD Component's finance centers. Accordingly, each center was redesignated as a DFAS Center.

A. DFAS - Cleveland Center. DFAS Cleveland Center (formerly the Navy Finance Center, Cleveland, OH) is responsible for:

1. Operation of the central site processing operations of the Joint Uniform Military Pay System (JUMPS) for the Navy.

2. Navy allotment program operations relating to payment of allotments and issuances of the U.S. Savings Bonds for all Navy members and retirees.

3. Examining and conducting a centralized program for the analysis of closed Navy master military pay accounts.

4. Payment of Federal income taxes withheld from Navy members and retirees.

5. Adjudication and payment of claims for military pay and allowances of Navy members and retirees.

6. Payment of drilling Naval reservists.

7. Payment of retired military pay for all DoD Components and Fleet Reserve rolls.

8. Preparing and forwarding to Treasury through DFAS Headquarters (Finance) (DFAS-HQ/F) requests from assigned Component(s) for establishment of disbursing offices.

9. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.

10. Preparing and forwarding to Treasury through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

11. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

12. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

13. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

14. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

15. Reporting of financial information.

16. Accounting for Navy funds and property.

17. Consolidation of Navy and Marine Corps financial reports.

18. Providing a centralized service for clearance of exceptions against Navy DOs.

19. Processing requests for relief of liability from accountable officials.

20. Performing other accounting and disbursing functions as prescribed.

The mailing address for DFAS Cleveland Center is: Defense Finance and Accounting Service, Cleveland Center, DFAS-CL/\_\_\_, Cleveland, OH 44199-2056.

B. DFAS - Columbus Center. DFAS Columbus Center (formerly Defense Finance Center, Columbus, OH) is responsible for:

1. Payment of vendor's invoices.
2. Payment of civilian payrolls.
3. Accounting for funds and property.
4. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.
5. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.
6. Preparing and forwarding to Treasury through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.
7. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.
8. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.
9. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.
10. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.
11. Reporting of financial information.
12. Processing requests for relief of liability from accountable officials.
13. Performing other accounting and disbursing functions as prescribed.

The mailing address for DFAS Columbus Center is: Defense Finance and Accounting Service, Columbus Center, DFAS-CO/\_\_, Columbus, OH 43218-2317.

C. DFAS - Denver Center. DFAS Denver Center (formerly Air Force Accounting and Finance Center, Denver, CO) is responsible for:

1. Operation of the central site processing operations of the JUMPS for the Air Force.
2. Air Force allotment program operations relating to payment of allotments.
3. Examining and conducting a centralized program for the analysis of closed Air Force personal financial records.
4. Payment of Federal income taxes withheld from Air Force members.
5. Adjudication and payment of claims for military pay and allowances for Air Force members.
6. Payment of drilling Air Force reservists.
7. Payment of civilian payrolls.
8. Providing a centralized service for clearance of exceptions against Air Force DOs.
9. Payment of annuitant pay.
10. Examination and consolidation of Air Force DO's financial reports.
11. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.
12. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.
13. Preparing and forwarding to Treasury through DFAS-HQ/F requests and

notifications from assigned Component(s) for disestablishment of disbursing offices.

14. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

15. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

16. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

17. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

18. Reporting of financial information.

19. Processing requests for relief of liability from accountable officials.

20. Performing other accounting and disbursing functions as prescribed.

The mailing address for DFAS Denver Center is: Defense Finance and Accounting Service, Denver Center, DFAS-DE/\_\_\_, 6760 E. Irvington Place, Denver, CO 80279-1500.

D. DFAS - Indianapolis Center. DFAS Indianapolis Center (formerly Army Finance and Accounting Center, Indianapolis, IN) is responsible for:

1. Operation of the central site processing operations of the DJMS for the Army.

2. Army allotment program operations relating to payment of allotments.

3. Examining and conducting a centralized program for the analysis of closed Army personal financial records.

4. Payment of Federal income taxes withheld from Army members.

5. Adjudication and payment of claims for military pay and allowances of Army members.

6. Payment of drilling Army reservists.

7. Providing a centralized service for clearance of exceptions against Army DOs.

8. Examination and consolidation of Army DO's reports.

9. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.

10. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for a change in the designation or location of disbursing offices.

11. Preparing and forwarding to Treasury through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

12. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

13. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

14. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

15. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

16. Reporting of financial information.

17. Processing requests for relief of liability from accountable officials.

18. Performing other accounting and disbursing functions as prescribed.

The mailing address for DFAS Indianapolis Center is: Defense Finance and Accounting Service, Indianapolis Center, DFAS-IN/\_\_\_\_, Column \_\_\_\_\_, 8899 E. 56th Street, Indianapolis, IN 46249-0833.

E. DFAS - Kansas City Center. DFAS Kansas City Center (formerly Marine Corps Finance Center, Kansas City, MO) is responsible for:

1. Operation of the central site processing operations of the JUMPS for the Marine Corps.

2. Marine Corps allotment program operations relating to payment of allotments.

3. Examining and conducting a centralized program for the analysis of closed Marine Corps personal financial records.

4. Payment of Federal income taxes withheld from Marine Corps members.

5. Adjudication and payment of claims for military pay and allowances of Marine Corps members.

6. Payment of drilling Marine Corps reservists.

7. Providing a centralized service for clearance of exceptions against Marine Corps DOs.

8. Examination and consolidation of Marine Corps DO's reports.

9. Reporting of financial information.

10. Preparing and forwarding to Treasury through DFAS-HQ/F requests from assigned Component(s) for establishment of disbursing offices.

11. Preparing and forwarding to Treasury through DFAS-HQ/F requests from as-

signed Component(s) for a change in the designation or location of disbursing offices.

12. Preparing and forwarding to Treasury through DFAS-HQ/F requests and notifications from assigned Component(s) for disestablishment of disbursing offices.

13. Maintaining files containing appointments, revocations, and specimen signatures of all assigned DOs and deputies.

14. Approving the use of check-signing machines and the certified facsimile signatures for all assigned DOs. After approval, notifying the DO that use of the check-signing machine and facsimile plate is authorized.

15. Providing copies of specimen signatures of assigned DOs to the Federal Reserve Banks on request.

16. Processing purchase orders for blank U.S. Treasury checks from all assigned DOs.

17. Processing requests for relief of liability from accountable officials.

18. Performing other accounting and disbursing functions as prescribed.

The mailing address for DFAS Kansas City Center is: Defense Finance and Accounting Service, Kansas City Center, DFAS-KC/\_\_\_\_, Kansas City, MO 64197-0001.

010203. DoD Disbursing Offices. Commanders shall ensure that DOs in their command are following the provisions of this Volume.

010204. Disbursing Officers. The DO shall ensure that the operation of the disbursing activity follows the provisions of this Volume.

#### 0103 DISBURSING OFFICER DUTIES AND AUTHORITY

##### 010301. Keeping of Public Funds

A. General. DOs are required to keep safely all the public funds collected by them or otherwise placed in their possession and custody. Lending, using, depositing in banks, or

exchanging for other funds except as specifically allowed by law is prohibited. DOs are required to safeguard public funds until ordered by the proper authority to transfer or pay out the funds. When such orders for transfer or payment are received, DOs shall faithfully and promptly make the transaction directed. DOs shall do and perform all other duties as fiscal agents of the Treasury which may be imposed by law or regulations made in conformity to law. In case of disaster, DOs shall secure and preserve the accounts of all personnel, public money, and such other papers and property, in the order of their importance, as circumstances permit.

B. Deposit of Public Funds. Except as otherwise authorized by law and by regulations, it is the duty of every DO to deposit funds in excess of amount authorized to be held at personal risk with an authorized depository of the United States without delay.

010302. Accounting and Reporting. Every DO is required to maintain detailed records of all transactions. These records shall be available for examination by authorized representatives of the Secretary of the Defense and the Comptroller General of the United States. Every DO is further required to submit periodic financial reports.

010303. Specific Authority for Disbursements

A. Authority. Public funds shall be received and disbursed by order of, or on proper authority of, the commander, when sanctioned by the Comptroller General.

B. Legality and Propriety

1. Sanction of Law. Transactions involving payments shall be examined for legality, propriety, limitations, and time frames under the statutes governing the various classes of expenditures and for validity under general provisions of law. There is no authority to disburse public funds to satisfy demands which are of doubtful validity or which should be supported by judicial action.

2. Sanction of Comptroller General's Decisions. DOs are governed by the rulings of the Comptroller General of the United States. When decisions of general application

are made by the Comptroller General, appropriate instructions shall be promulgated by the DFAS Headquarters. Doubtful claims or constructions of law not clearly covered by published decisions or instructions should be referred to the Comptroller General via official channels for decision. Disbursements made by a DO in accordance with a decision of the Comptroller General cannot be disallowed in the audit of the accounts upon a different construction of law.

3. Sanction of Regulations. A valid regulation of the head of an executive department providing for the payment of money under certain conditions by DOs has binding force on the accounting officers of the General Accounting Office. To be valid, a regulation shall be reasonable and shall be consistent with the law.

C. Substantiating Vouchers

1. Written Record of Transaction. Unless otherwise provided by law, each transaction conducted by an officer, agent, or employee of the Government of the United States, which when completed shall require the payment of money from the U.S. Treasury or payment to be made by a DO or agent of the Government of the United States, shall be evidenced by a written or printed signed document or series of documents which shall consist of a complete record of the transaction. Each statement of fact contained in such document or documents is to be certified or otherwise verified by a person who, in regular line of duty, has knowledge of the fact or facts certified or otherwise verified by that person, and who, when certification is made, shall state in the certification that the individual has personal knowledge of the facts certified or otherwise verified.

★ 2. Electronic Transactions. The Federal Reserve System (FRS) and its twelve Federal Reserve Banks (FRBs) act as the Treasury's fiscal agent in disbursing by electronic methods. Each disbursing office processing disbursements by electronic methods shall have a detailed written agreement with the servicing FRB of the FRS. These agreements contain detailed instructions for controlling tape delivery to the servicing FRB of the FRS, tape remaking procedures, credit routines, file label require-

ments, and other details explaining each office's unique requirements. Local operating instructions shall be written to implement these requirements. Further guidance on electronic transactions is provided in chapter 24 of this Volume.

3. Additional Evidence. The DO is not required to make payment on merely formal evidence. If the facts do not justify payment, a reasonable explanation or the submission of further evidence should be required.

010304. Alternatives Available in Connection with Questionable Payments. Upon the determination that a matter concerning the receipt or disbursement of public money is questionable in regard to the appropriate public law, previous Comptroller General decisions, court rulings, or regulations, a request for clarification shall be addressed to the DFAS Headquarters via the servicing DFAS Center. When, in the opinion of the DO, the matter requires a decision by the Comptroller General of the United States rather than a clarification of existing regulations or decisions, a request for advance decision shall be initiated. Procedures for requesting an advance decision from the Comptroller General of the United States are outlined in chapter 25 of this Volume.

## 0104 ACCOUNTABILITY AND RESPONSIBILITY

### 010401. Nature of Accountability

A. General. DOs are held personally and pecuniarily accountable for their disbursing acts and for the legal expenditure of the funds placed under their control. An officer shall be charged with all funds received for the Government. Credit shall be received from the General Accounting Office for all public funds expended by the DO which are in accordance with laws and regulations, substantiated in the required form, and accompanied by legal evidence. Detailed accounts of the activities of every DO shall be maintained for examination as to their correctness by the DoD and the General Accounting Office. Credit shall be withheld by the General Accounting Office for irregular, erroneous, or unsupported entries in an officer's account with the Government.

B. Knowledge of Laws Governing Disbursements. All accountable officials whose duties pertain to the disbursement of public funds shall take scrupulous care to ensure that all applicable laws are strictly observed.

C. Responsibility for Acts of Another. DOs are accountable for illegal, improper, or incorrect payments or for errors in their accounts even though they may have relied on deputies, agents, and cashiers and the errors were caused by the deputies, agents, and cashiers. A request for relief of the liability for such payments and errors shall be submitted by the DO and may also be required by the deputy, agent, or cashier who made the illegal, incorrect, or improper payment or error.

D. Payment on Forged or Fraudulent Vouchers or Pay Receipts. A DO is accountable for a payment made on a forged or fraudulent voucher or pay receipt even though not a participant or beneficiary in the fraud. Relief of liability for such payments may be requested by the DO and the deputy, agent, or cashier who made the payment.

### 010402. Relief of Liability

A. General. The Comptroller General of the United States may relieve accountable officials of the DoD of liability for deficiencies in their account upon a finding that the statutory standards for relief prescribed by 31 U.S.C. 3527 (reference (o)) are met. Where a physical loss, regardless of amount, is incurred by an accountable disbursing official, the determination of the Secretary of Defense that relief should be granted is binding on the Comptroller General. In cases of illegal, incorrect, or improper payment, the Comptroller General acts upon a recommendation of the Secretary of Defense but independently determines whether relief shall be granted.

### B. Statutory Standards

1. Physical Loss. The statutory standards for relief of liability for a physical loss are:

a. That the official was carrying out official duties when the loss or deficiency occurred.

b. That the loss or deficiency was not the result of an illegal, incorrect, or improper payment.

c. That the loss or deficiency was not the result of fault or negligence by the official.

2. Illegal, Incorrect, or Improper Payments. The statutory standards for relief of liability for illegal, incorrect, or improper payments are:

a. That the official was carrying out official duties when the illegal, incorrect, or improper payment occurred.

b. The Comptroller General decides that diligent collection action under procedures prescribed by the Comptroller General were carried out.

c. The Comptroller General decides that the illegal, incorrect, or improper payment was not the result of bad faith or lack of due reasonable care by the official.

#### C. Delegation of Authority

1. Secretary of Defense. The Secretary of Defense has delegated authority to the Director, DFAS to make determinations and recommendations with respect to the granting of relief from pecuniary liability pursuant to 31 U.S.C. 3527 (reference (o)).

2. Director, DFAS. The Director, DFAS has delegated authority to the Directors of the DFAS Centers to make determinations and recommendations with respect to the granting of relief from pecuniary liability unless the accountable official operates from the DFAS Center, in which case the DFAS Deputy Director for Finance grants or denies relief pursuant to the authority contained in 31 U.S.C. 3527 (reference (o)).

D. Requests for Relief. Procedures and documentation requirements for submission of requests for relief of liability are outlined in chapter 06 of this Volume.

010403. Payments by Order of the Commander. The provisions of this paragraph apply only to

Navy and Marine Corps disbursing officers. Payments by the order of the commander are governed by 10 U.S.C. 7863 (reference (l)). In addition, it is the responsibility of the commander to inform the DO of any facts which warrant stoppage of pay or allotment.

A. Payment Under Protest. When a DO is ordered by the commander to make an expenditure of money which the DO believes to be illegal or contrary to regulation, the DO shall communicate the facts to the commander and request that the commander reiterate the order in writing if it is the commander's continued intention to order the expenditure. The DO shall not make the expenditure until receipt of the written reiteration. The pecuniary liability for the expenditure shall rest solely with the commander if the expenditure is determined to be illegal or contrary to regulation. The provisions for payment under protest apply only to commanders and DOs of the Department of the Navy. They do not apply to commanders and DOs of the Army, Air Force, or other DoD Components. Also, these instructions do not authorize an illegal advance of public funds to the commander or any other officer by written order of that officer.

B. Notification. Whenever a commander orders a DO to make a payment under protest, the commander shall submit copies of all available documentation, together with the facts and circumstances surrounding the payment, to the Director, DFAS Headquarters via the Director of the servicing DFAS Center.

010404. Decisions of the Comptroller General. A DO making payments in accordance with decisions of the Comptroller General of the United States is not liable for such payments.

010405. Turnover of Funds Upon Relief. When a DO is relieved of duties because of transfer or any other reason other than deactivation of the disbursing station symbol number (DSSN), all fund account records, public funds, and property shall be turned over to the relieving DO.

★010406. Internal Management Controls. Disbursing Officers are required to implement and abide by the requirements of the DFAS Internal Management Control (IMC) Program as set forth in the current edition of DFAS 5010.38-R, Inter-



nal Management Control Program. Effective IMC procedures depend largely on eliminating opportunities to conceal errors or irregularities. This, in turn, depends on assigning work so that no one individual controls all phases of a transaction. Separation of duties creates a situation that should preclude errors or attempts at fraud or embezzlement from going undetected. Key duties such as authorizing, approving, and recording transactions; issuing or receiving assets; making payments; preparing checks and check signing; certification of funding; and reviewing or auditing shall be assigned to separate individuals to minimize the risk of loss to the Government to the greatest extent possible. The DO should not be assigned duties that create a potential conflict of interest. For example: A payment is made under the DO's DSSN which results in a request for a waiver of indebtedness. If the DO also supervises those individuals involved in the adjudication of requests for waivers, he/she is placed in a position of influence over the decision of the waiver. It also eliminates his/her pecuniary liability for an illegal, incorrect, or improper payment. Appropriate separation of duties is not always practical or possible due to time constraints, manpower shortages, or the use of mechanized systems. For example, payments and collections through the On-Line Payment and Collection (OPAC) system can occur outside the disbursing work center without weakening internal controls because the payee is always another Federal agency and recovery of an erroneous payment is assured. Other situations can require closer scrutiny. The commander and the DO shall: be aware of situations where valid, long-standing separation of duties cannot be achieved, recognize that internal controls have been weakened as a result of such; and make every effort to compensate for loss of the internal control. Unique situations resulting in an inability to separate appropriate responsibilities should be reported to the applicable DFAS Center, together with a request for a waiver and recommendations for compensating for the loss of the internal control. Close review of IMC plans, policies, adequacy, compliance, and effectiveness will be the subject of all inspections and audits conducted in all disbursing offices.

010407. Receipts for Payments. A receipt is required for all cash payments. A receipt is not

required for payments made by check drawn by the DO except when required by law or contract. In no case shall receipt for payment be taken in duplicate. In all cases of cash payment, the exchange of currency and the receipt for it shall be simultaneous. Practices requiring receipts in advance of actual cash payments are prohibited. The accountable individual making the cash payment shall positively identify the payee. If the payee is not known personally, the accountable individual making the payment shall examine an appropriate identification card which includes both the payee's picture and signature. A comparison of the payee's signature should be made with that appearing on the identification card. For military personnel, the DD Form 2, Armed Forces Identification Card should be used. The responsibility for identifying the payee may not be delegated.

010408. Receipts for Collections. Receipts for collections shall be signed personally by the DO or an agent whose designated duties include receipt of collections.

#### 0105 RESTRICTIVE REQUIREMENTS

010501. Payment of Compensation. The use of public funds for the payment of compensation to any commission, council, board, or other similar body is prohibited by 31 U.S.C. 1346 (reference (o)) unless the creation of the body has been specifically authorized by law.

010502. Accounting for Premiums on Sales of Public Moneys or Securities. Under 31 U.S.C. 3341 (reference (o)), no DO of the United States shall either directly or indirectly sell or dispose of to any person for a premium any Treasury note, draft, warrant, or any other public security not of the officers private property. Further, no officer shall sell or dispose of the proceeds of such note, draft, warrant, or security in the hands of the officer for disbursement without depositing the premium and the proceeds in the officer's accounts to the credit of the United States.

010503. Advances, Prepayments, and/or Overpayments. Except as otherwise authorized under 31 U.S.C. 3324 (reference (o)), advances, prepayments, and overpayments of public monies are prohibited. Certain advances and prepayments are permitted by this Volume and Volumes 7, 8,



9, and 10 of this Regulation; Joint Travel Regulations; and Joint Federal Travel Regulations.

010504. Payments to Third Parties

A. General. Subject to the specific exceptions cited in subparagraphs 010504.B through 010504.I below, the payment of money to a person to whom the United States is not indebted is not authorized. Also, such payment is prohibited even though the claimant to whom the amount is due requests that payment be made to another person.

B. Levy and Dstraint for Delinquent Taxes. Salaries and wages of officers and employees of the U.S. Government, including all members of the Armed Forces, are subject to levy and dstraint for delinquent Federal taxes as prescribed by 26 U.S.C. 6331 (reference (p)). An attachment for other than delinquent Federal taxes cannot be enforced against public money in the hands of a DO and no trustee process, garnishment, or injunction can be recognized by officers of the Government with respect to money due creditors of the United States.

C. Payments to Bankruptcy Trustees. A civilian employee or military member may file a chapter 7, 11, or 13 petition in bankruptcy under P.L. 95-598 (reference (q)). During the bankruptcy proceedings that follow, the Bankruptcy Court may order the individual's pay to be forwarded to the Bankruptcy Trustee. Such payments are proper, and DOs incur no additional liability as a result. If the individual is indebted to the United States as the result of a debt incurred prior to the filing of the bankruptcy petition, a setoff against the individual's pay through the date prior to the filing date of the bankruptcy petition should be effected where otherwise appropriate and authorized. The usual percentage restrictions on such a setoff are inapplicable to this situation. Debts that are not completely liquidated shall be collected in accordance with procedures required by the Bankruptcy Act. Debts incurred after the filing of the bankruptcy petition are collected in the usual manner.

D. Successor in Interest. Payments due contractors may be made to court-appointed trustees, receivers, or other legal representatives

under the conditions set forth in Volume 10 of this Regulation.

E. Assignment of Claims. Amounts due or to become due under contracts which provide for payments aggregating \$1,000 or more may be assigned under the procedures outlined in Volume 10 of this Regulation.

F. Authorized Withholdings and Allotments of Pay. Deductions from military and civilian payrolls for various purposes such as retirement, taxes, health benefits, group life insurance, allotments, and voluntary payments for child support, alimony, and other purposes are provided for by statutory authority.

G. Drawing of Checks in Favor of Financial Organizations for the Credit of Persons' Accounts. Checks in payment of salaries and wages of military members and civilian employees may be drawn in favor of financial organizations for the credit of persons' accounts as prescribed in 31 U.S.C. 3332 (reference (o)) and Volumes 7 and 8 of this Regulation. An example would be: Merchants National Bank, Cr: Tsgt John Doe, Account Number: 346-839, Taylor, MI 04180.

H. Garnishment of Pay for Child Support and Alimony. Salaries and wages of military members and civilian employees are subject to garnishment for child support and alimony as prescribed in P.L. 93-647 (reference (r)).

I. Withholding of Contract Payments. Payment is to be made to the Department of Labor for amounts owed by contractors to employees under a contract as prescribed in Volume 10 of this Regulation.

010505. Equitable Claims. Claims which are not founded on contracts, either expressed or implied, but upon merely equitable or moral grounds, can be paid only after direct authorization by Congress. The General Accounting Office has no authority to give credit for such payments even though they are claimed on equitable grounds.

010506. Insurance Fees. The Government is self insured (or bonded), therefore a DO or any of the agents of the DO are not authorized to insure public funds or property.

★010507. Municipal Services. In the absence of specific statutory authority, a DO is not authorized to pay for municipal services such as police and fire protection if those services are required to be provided to private citizens at no cost.

## 0106 PUNITIVE PROVISIONS

### 010601. Misuse of Public Funds

A. Disbursing Officers. DOs who convert to their own use, loan, exchange for other funds, or deposit public funds entrusted to them except as authorized by law are guilty of embezzlement. DOs who withdraw public funds from the Treasury or other public depository for any purpose not prescribed by law, or who wrongfully transfer the public funds entrusted to them, are guilty of embezzlement. Such officers are subject to fine, imprisonment, or both.

B. Agents. Individuals charged as agents who are responsible for the safekeeping of public funds and who loan, convert to their own use, deposit, or exchange for other funds except as provided by law any portion of those public funds, are guilty of embezzlement and subject to fine, imprisonment, or both.

010602. Failure to Deposit. Accountable officials who have funds of the United States in their possession or under their control for the purpose of safekeeping, transfer, or disbursement, and who fail to deposit with the Treasury or other authorized depository as required by the Secretary of the Treasury, the Secretary of Defense, or the General Accounting Office are guilty of embezzlement and subject to fine, imprisonment or both.

010603. Misrepresentation of Payment Amounts. Any person charged with the payment of any appropriation who pays a sum less than that required by law, and requires the recipient of the payment to receipt or give a voucher for an amount greater than what was actually paid, is guilty of an embezzlement.

010604. Failure to Render Accounts. Any officer, employee, or agent of the United States who neglects or refuses to make a report which is required at stated times by any Act of Congress or regulation, shall be subject to fine.

010605. Embezzlement of Public Funds, Property, or Records. Under 18 U.S.C. 653 (reference (s)), DOs or any other accountable officials shall be guilty of an embezzlement if they in any manner convert funds to personal use; loan funds with or without interest; deposit public funds entrusted to them in any place or in any manner, except as authorized by law; or for any purpose not prescribed by law, withdraw from the U.S. Treasury or any authorized depository, transfer, or apply any portion of the public funds entrusted to them. Persons who embezzle, steal, or knowingly convert to their own use or the use of another; or without authority sell, convey, or dispose of any record, voucher, funds, or thing of value of the United States shall be subject to fine, imprisonment or both. Further, persons who receive, conceal, or convert such items to their own use or gain, knowing them to have been embezzled, stolen, or converted, are likewise subject to the above punishments.

010606. Falsification of Accounts. Any DO or other accountable individual who with intent to deceive, mislead, injure, or defraud the United States or any person, makes in their accounts or records any false or fictitious entry or record of any matter relating to or connected with their duties is subject to the penalties prescribed by 18 U.S.C. 1001 (reference (s)).

### 010607. Withholding Pay of Persons in Arrears to the United States

A. Statutory Authority. Under 5 U.S.C. 5512 (reference (t)), the pay of individuals in arrears to the United States shall be withheld until the individuals have accounted for and paid into the U.S. Treasury all sums for which they may be liable.

#### B. Applicability

1. General. The law applies only to persons who have been entrusted with public funds and who have failed to account for such funds. It does not apply to ordinary debtors of the United States. The fact that charges of embezzlement or other crimes or negligence are not brought against a person in connection with a deficit of public funds does not, of itself, serve to remove the requirement that the person restore the amount for which they are accountable. The findings of a court are not necessarily

conclusive as to the amount of the shortage for which the person is accountable. Persons accountable for public funds are accountable for the total of such funds in their possession, in cash or in valid documents representing cash. The portion of such funds which they cannot produce or satisfactorily account for, comprises the amount of the shortage for which they may be held liable.

2. Military Personnel. For instructions covering the withholding of the pay of military personnel in connection with a deficit of public funds or public property, see Volume 7 of this Regulation.

3. Civilian Employees. For instructions covering the withholding of the pay of civilian personnel in connection with a deficit of public funds and public property see Volume 8 of this Regulation.

C. Right of Setoff. The right of setoff shall govern all cases in which a person is both creditor and debtor to the Government in any form as prescribed in sections 3702 and 3728 of 31 U.S.C. (reference (o)).

010608. Conspiracy to Defraud the Government. Any person who enters into any agreement or conspiracy to defraud the United States by obtaining or aiding to obtain the payment or allowance of any false, fictitious, or fraudulent claim shall be subject to fine, imprisonment or both as prescribed by 18 U.S.C. 286 (reference (s)).

010609. False, Fictitious, or Fraudulent Claims

A. Penalty. Whoever makes or presents to any person or officer in the civil or military service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined, imprisoned, or both as prescribed by 18 U.S.C. 287 (reference (s)).

B. Forfeiture of Unpaid Claims. Under 28 U.S.C. 2514 (reference (u)), a claim against the United States shall be forfeited to the United States by any person who corruptly practices or attempts to practice any fraud

against the United States in the proof, statement, establishment, or allowance thereof. Fraudulent claims against the United States may be submitted in connection with civilian and military pay and allowances, contracts and purchase orders, reimbursement of personal funds expended on official business around the permanent duty station, loss and damages, as well as temporary duty and permanent change-of-station travel. A separate determination of fraud shall be made for each item individually claimed on the appropriate claim form.

C. Paid Claims. The forfeiture of claims described above has no application to a claim which has been paid or to the recovery of monies paid out as a result of fraud. However, in any case where payment of an item of pay or allowances is wrongfully obtained, whether through fraud, misrepresentation, or otherwise, such payment is an illegal, incorrect, or improper payment and shall be recouped as prescribed by 28 U.S.C. 2514 (reference (u)) and 41 Comp. Gen. 285 (reference (v)).

## CHAPTER 02

DISBURSING OFFICES, OFFICERS, AND AGENTS0201 ESTABLISHMENT OF A DISBURSING OFFICE

★020101. Request for Establishment. Except for tactical disbursing activities, a disbursing office will be established only with the concurrence of the Director, DFAS Headquarters. Tactical disbursing activities will be established, organized, reorganized or disestablished by the applicable Military Service with the concurrence of the servicing DFAS Center. All requests to establish disbursing offices at new activities, or at activities receiving disbursing service from another source shall be submitted by memorandum through the requesting activity's chain of command to the servicing DFAS Center.

020102. Information to be Included in the Request. All requests for establishment shall include the following information:

A. Reason establishment of the office is considered necessary.

B. Prospective workload of office in terms of number of military personnel to be serviced, civilian personnel to be paid, and commercial vouchers to be settled. If military or civilian personnel are to be paid, include information on the automated payroll system proposed for the activity.

C. Proposed date for establishment.

D. Name, location, and distance to the nearest FRB or branch. If there is no FRB or branch within a reasonable distance of the proposed office, the name, location, and distance to the nearest general depository, if any, should be furnished.

E. Estimated number of U.S. Treasury checks required for the first 8 months of operations and whether checks will be procured through normal requisition or if an emergency supply will be required.

F. Name, Social Security number (SSN), and rank or grade of proposed DO, if known.

G. Estimate of monthly cash requirements.

H. Include information on any other automated disbursing system planned to be implemented in the disbursing office.

020103. Recommendation by DoD Component Commander. When the establishment of a disbursing office is considered necessary for the efficient functioning of the activity, the DoD Component Commander shall endorse the request to indicate concurrence and provide any additional information considered necessary. In all cases, the DoD Component Commander should provide justification as to why an additional disbursing office is required and why the disbursing operation cannot be conducted by an existing disbursing activity.

020104. Approval for Establishment. The servicing DFAS Center will review the request and recommendations; obtain concurrence or non-concurrence from DFAS Headquarters for non-tactical disbursing activities (concur or non-concur for tactical disbursing activities); take necessary actions to obtain a DSSN from the Treasury; and, advise the commander whether establishment of the requested disbursing office is authorized.

020105. Disbursing Station Symbol Number (DSSN)

A. Assignment. The servicing DFAS Center shall obtain a DSSN from the Treasury for all approved disbursing activities. The commander will be advised of the assigned DSSN when notified that establishment of the disbursing office is authorized.

B. Change in Designation or Location. The disbursing office shall keep the assigned DSSN until revoked or rescinded by the servicing DFAS Center. Any proposed changes

in the designation or location of the activity subsequent to the assignment of the DSSN shall be approved by the servicing DFAS Center.

C. Usage of DSSN. The DSSN shall appear on all payment and collection vouchers, on U.S. Treasury checks, and on limited depositary checks.

★020106. Reporting Activation of a Disbursing Office. The DO who activates a disbursing office shall notify the servicing DFAS Center by memorandum immediately upon commencement of disbursing operations. Also, provide a copy of the memorandum to DFAS-KC/CBP, Kansas City, MO 64197-0001. The memorandum shall include the name of the activity, the DSSN assigned, the name and rank or grade of the DO, and the opening date of the account.

020107. Employer Identification Number (EIN). DOs shall obtain from the local Internal Revenue Service an EIN for reporting tax information.

020108. Equipment, Publications, and Blank Forms

★ A. Check-signing Machines. DOs are authorized to use a check-signing machine. An activity issuing more than the prescribed minimum of 2,000 checks per month may procure/obtain and use such a machine commensurate with their work load. DOs issuing less than the prescribed minimum of 2,000 checks per month may request approval from the servicing DFAS Center to procure/obtain and use a check-signing machine. See Chapter 07 of this Volume for machine specifications, signature plate requirements, and ordering procedures.

B. Publications. It is essential that publications which govern the operation of a disbursing office be kept current and remain in the office for reference purposes. Posting of all changes received shall be made promptly.

C. Supply of Blank Forms. An estimate of the type and quantity of blank forms necessary to sustain the actual or anticipated volume of business shall be prepared. The estimate shall be updated periodically to avoid stockpiling of seldom used forms.

D. Miscellaneous Office Supplies. Miscellaneous office supplies such as rubber stamps and stationery shall be requisitioned using normal supply procedures.

## 0202 DEACTIVATION OF A DISBURSING OFFICE

### 020201. Permanent Deactivation (Closure)

A. General. The policies and procedures in this section shall be followed when a disbursing office is deactivated.

B. Designation of a Settlement Office. The servicing DFAS Center shall be responsible for designating another disbursing office to handle any uncleared transactions for the deactivating office after deactivation has occurred. This designated disbursing office shall be hereafter called the settlement office.

★ C. Notification of Deactivation. The DO shall notify all affected activities upon deactivation of a disbursing office, as follows:

★ 1. Notify all affected activities, agencies, commercial concerns (including depositaries when applicable), and individuals of the date of the deactivation of the disbursing office and the name and location of the settlement office to which all accounts will be transferred.

★ 2. Notify the Treasury through the servicing DFAS Center that the DSSN is being deactivated. Indicate in the memorandum the date of deactivation, the office to which the accounts and records have been forwarded for settlement, and the last check number issued under the deactivated symbol. Include the date and check number of the last check signed by each deputy in cases where a separate series of checks is assigned to deputies at branch disbursing offices. Also, provide a copy of the memorandum to DFAS-KC/CBP, Kansas City, MO 64197.

3. Request the commander to terminate the appointment of all agents that the commander was responsible for appointing.

4. Terminate all deputy, agent, and cashier appointments.

5. Request the commander terminate the DO's and all agents' authority to hold cash at personal risk.

6. Clear all outstanding agent, imprest fund cashier, and change fund custodian advances.

D. Deposits. Deposit all currency, coin, negotiable instruments, and limited depositary account balances to the credit of the U.S. Treasury on an SF 215, Deposit Ticket.

E. Deposit Fund Account Balances. Transfer to the designated settlement office any balance in a deposit fund account which could not be cleared prior to deactivation of the disbursing office. A detailed list of the persons owed or funds to be reimbursed along with any documents or backup information shall be submitted with the SF 1081, Voucher and Schedule of Withdrawals and Credits to the settlement office. The SF 1081 shall be used to adjust the general ledger for the amount of funds transferred.

F. Undeliverable Checks. The DO shall cancel all undeliverable checks. Checks forwarded by other DOs that are undeliverable will be returned to the forwarding DOs for cancellation.

G. Blank Treasury Check Stock. The DO shall destroy all remaining blank check stock as prescribed in chapter 08 of this Volume and report the checks on the SF 1179, Month End Check Issue Summary and level 8 check issue report as VOIDS (zero dollar value issues).

H. Blank Bond Stock and Validating Stamps. The DO shall send all unused blank bonds and validating stamps directly to the FRB from which the bonds were received and shall notify the FRB that the bond issuing agent's appointment has been terminated.

I. Undelivered Bonds. The DO shall dispose of all undelivered savings bonds as prescribed in chapter 23 of this Volume.

J. SF 1219, Statement of Accountability. When a disbursing office is deactivated the DO shall prepare and submit an SF 1219 covering the period from the first day of the account-

ing period through the close of the last business day and marked FINAL.

K. SF 1179, Month End Check Issue Summary. When a disbursing office is deactivated the DO shall prepare and submit an SF 1179 covering the period from the first day of the accounting period through the close of the last business day and marked FINAL. The SF 1179 shall include all checks issued during the accounting period as well as all blank check stock which must be destroyed and reported as VOIDS (zero dollar value issues) as prescribed in chapter 08 of this Volume.

L. Check Signing Machine. If any of the disbursing office equipment is in excellent usable condition, the DO shall notify the servicing DFAS Center so that the Center can advise other disbursing offices of the equipment available. Every effort should be made to transfer useable equipment to an office where it can continue to be utilized. If no other disbursing offices need the equipment, the DO shall turn the equipment in to the property disposal office. See chapter 07 of this Volume for disposition of signature plates.

M. Retained Records. The DO shall send the retained records to the designated settlement office as prescribed in chapter 22 of this Volume.

NOTE: DOs preparing an office for deactivation have a responsibility to ensure that no discrepancies exist in their accountability. The servicing DFAS Center reviews all accounts transferred to settlement offices and has the authority to order collection action to be taken against the relieved DO who submitted a disbursing account to a settlement office with unresolved deficiencies in accountability (i.e., dishonored personal checks, unconfirmed deposits, physical losses of funds, unresolved open debit items in \*\*F3878 and \*\*F3880 clearing accounts, etc.) for which no relief or corrective action was taken.

020202. Temporary Deactivation. Occasionally temporary deactivation of a disbursing office is necessary. For example, a ship undergoing extensive overhaul for a period of several months may arrange for disbursing service from a shore activity. In order to eliminate the necessity of submitting monthly financial and check-

ing account reports during the period of inactivity, the DO shall deposit all currency, coin, and negotiable instruments; close the limited depositary checking account, if applicable; properly dispose of all undeliverable checks; submit the memorandum required for deactivation of disbursing offices with additional information that the account is closed only on a temporary basis; and, retain blank U.S. Treasury check stock for use when the disbursing operation is reactivated. Inventory and storage requirements specified in chapter 07 of this Volume apply. The disbursing account may be reopened at any time under the same DSSN by submitting the report of commencement of disbursing operations. **NOTE:** A disbursing account cannot be temporarily closed if any cash or documents representing cash are on hand. Any assets on hand, including deficiencies such as dishonored checks or losses of funds require submission of the monthly SF 1219.

#### 0203 DISBURSING OFFICERS AND DEPUTIES

##### 020301. Persons Authorized to Have Custody of Public Funds

A. General. To ensure proper security and accounting for public funds and fix responsibility for custody and authorized disposition, it is necessary to limit the number of persons who are authorized to receive, maintain custody, and disburse or otherwise dispose of public funds.

B. Accountable Positions. Except as otherwise specifically provided, the function of regularly receiving and maintaining custody of public funds shall be performed only by DOs and their duly appointed deputies, agents, and cashiers in respect to all public funds; personnel designated to distribute salary checks or savings bonds; and individuals appointed by the commander as imprest fund cashiers, collection agents, change fund custodians, or paying agents in connection with functions which are not the direct responsibility of a DO.

#### C. Exceptions

1. General. It is not required that every person who may, on occasion, receive or maintain custody of public funds be designat-

ed formally to fill one of the positions listed in paragraph 020301.B above. Public funds may be received at times, at locations, and under circumstances which preclude any advance arrangement for their receipt and at some activities collections are so infrequent that it is impracticable to have a formal designation in effect. When funds are received by other than those individuals formally designated, it is required that the funds be forwarded promptly to the DO serving the activity or to another individual formally designated to receive them. DOs and agents responsible for property and the funds derived therefrom need not formally designate all or any substantial number of their subordinates to receive or maintain custody of public funds even though the entire staff of the activity performs functions closely associated with public funds. It is sufficient that formal designations be made for those individuals who regularly receive and maintain custody and control of public funds and who have the opportunity to act independently in respect to the custody, movement, and disposition of such funds.

2. Specific Exceptions. Individuals performing only the following functions in connection with public funds shall not be appointed formally to an agent position:

a. Sales personnel in retail outlets and mess cashiers.

b. Mailroom employees and messengers who may handle public funds on occasion in connection with their regular duties.

c. Personnel receiving public funds exclusively in the form of checks drawn payable to a component of the DoD.

d. Personnel who handle funds as assistants to holders of accountable positions but who do not sign receipts holding themselves accountable for the funds.

#### \*020302. Restrictions on and Exceptions to Duty Assignments of Individuals Handling Public Funds

A. Restrictions. Individuals performing duties as disbursing agents, cashiers, paying agents, collection agents, change fund custodians or imprest fund cashiers involving the custody



or disbursement of public funds shall not be concurrently appointed to other accountable positions involving the handling or custody of or accountability for other funds.

B. Exceptions

1. Disbursing officers at DFAS Centers and consolidated operating locations may hold more than one DSSN. Each deputy appointed by the DO may serve as a deputy under one or more of the DSSNs assigned to the appointing DO. Likewise, a DO holding one or more DSSNs may serve concurrently as the deputy to one or more other DOs.

2. Disbursing officers aboard Navy vessels may also serve concurrently in other accountable positions such as ship's store officer or food service officer when the ship's manpower authorization does not provide supply corps officers for each accountable function.

3. When directed by appropriate authority in accordance with law and regulation, it shall be the duty of DOs aboard Navy vessels to accept, safeguard, account for, and dispose of personal funds and valuables received for safekeeping.

020303. Additional Duties. Except as specifically authorized in this Volume, DOs shall not be assigned the additional duties of order approving authority, certification officer for claims for reimbursement and contingency funds, custodian of any fund, or other conflict of interest assignments.

020304. Appointment of a Disbursing Officer

★ A. Military Billet. When a military DO billet is approved, orders to the designated officer will be issued by the Component manpower center or local commander, as appropriate. A copy of the orders assigning military DOs and the required specimen signatures shall be provided to the servicing DFAS Center. Generally, a DO shall be an officer. However, the servicing DFAS Center may approve the appointment of senior enlisted personnel as DOs at smaller DSSNs.

B. Civilian Position. To be eligible for appointment as a DO, a civilian employee must:

1. have experience as a DO or deputy; or,
2. have completed or agree to complete specific disbursing officer training courses or schools.

Grade levels of civilian DO positions shall be determined in accordance with standards established by the Office of Personnel Management. Appointment of a civilian employee as DO is accomplished by the commander in a formal Letter of Appointment. A copy of the Letter of Appointment and the required specimen signatures shall be forwarded to the servicing DFAS Center.

C. Qualifications. Civilian appointees must be U.S. citizens.

020305. Deputy Disbursing Officer

★ A. Request for Establishment of Deputy Positions. Except for DoD Component disbursing activities, the establishment of all deputy positions shall be approved by the servicing DFAS Center. The establishment of deputy positions for DoD Component disbursing activities shall be approved by the appropriate DoD Component Commander. From a security standpoint, excessive numbers of individuals should not be allowed to have access to public funds. Commanders shall take appropriate steps to ensure that only the minimum number of deputy positions are requested at disbursing activities under their jurisdiction. The request for establishment of a deputy position shall include the circumstances that support the requirement for a deputy position. The request shall include:

1. The specific location where the deputy will serve.
2. The number of other deputies already serving.
3. The specific duties to be performed by the deputy.



4. An estimate of the monthly value of funds to be advanced, collected, and disbursed by the deputy.

B. Approval of Positions. The servicing DFAS Center shall advise the commander of the approval or disapproval of deputy positions in writing.

★ C. Eligible Individuals. Any officer, senior enlisted member, or civilian employee satisfactory to the DO may be appointed to the position of deputy DO.

★ D. Appointment. Deputy DOs are appointed by the DO with a formal letter of appointment addressed to the individual. The letter shall state the specific duties authorized to be performed by the deputy and include the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. The appointee shall acknowledge acceptance of the appointment on the original and all copies of the letter of appointment. A copy of the letter of appointment with the required specimen signature forms and a copy of the approved request for establishment of the deputy position shall be provided to the servicing DFAS Center. These copies will be maintained along with the disbursing officer files.

E. Termination of Appointment. The DO may revoke the appointment of a deputy at any time for any reason. When the DO is relieved from disbursing duties, the appointment of all deputies shall be revoked by the DO. In all cases, the revocation of the deputy's appointment shall be by memorandum addressed to the deputy. A copy of the memorandum shall be forwarded to the servicing DFAS Center. If another individual will succeed the deputy, a copy of the letter of appointment and the required specimen signatures for the new deputy shall be forwarded with the copy of the memorandum of revocation.

020306. Submission of Signature Card and Specimen Signatures

★ A. Official Signature. Prior to commencing disbursing operations, a DO and all

appointed deputies shall determine which of their given names or initials will comprise their official signature. This official signature shall be used on all checks, vouchers, official papers, and correspondence pertaining to the DoD, the General Accounting Office, and the Treasury. The official signature shall be furnished to the servicing DFAS Center by completion of the TFS Form 5583, Signature Card and TFS Form 3023, Specimen Signatures. The signature on the TFS Form 5583 shall be certified by an officer whose signature is recorded with the servicing DFAS Center. The completed forms shall be forwarded to the servicing DFAS Center for recording. A permanent dark blue, blue-black, or black ink shall be used for manual signatures. The ink should not be subject to fading and not readily soluble in water. See figures 2-1 and 2-2. In addition to the above, three specimen official signatures are required to procure a signature plate. See paragraph 070402.A for specific guidance.

B. Official Signatures to Other Depository. If checks are to be drawn on a depository other than the Treasury, the DO's official signature (as well as that of the deputy, if authorized to sign depository checks) shall be furnished to the depository. The forms shall be duly certified by an officer whose signature is known to the depository.

C. Change of Official Signature. The official signature of a DO or deputy, as provided to the servicing DFAS Center, shall not be changed without the written authority of the DFAS Center.

D. Furnishing Additional Signatures When Transferred to a New Station. It will not ordinarily be necessary to furnish another TFS Form 5583 on resumption of disbursing duty at a different disbursing activity since the original TFS Form 5583 becomes a permanent part of the servicing DFAS Center's records. However, since an individual's signature often changes over a period of years, the servicing DFAS Center may request additional signatures. When a DO or deputy frequently changes disbursing offices, the supply of specimen signatures furnished on TFS Form 3023 may become exhausted since a specimen signature is filed under each DSSN used and specimen signatures are furnished to different banks on request for their use.

in cashing and processing checks and savings bonds. In this event, the servicing DFAS Center may request that an additional TFS Form 3023 be furnished.

#### 0204 COMMENCING AND RELIEF FROM DISBURSING DUTY

020401. Commencement of Disbursing Duty. A DO who activates a new disbursing office, reactivates a disbursing office that has been temporarily closed, or relieves another DO will forward a memorandum to the servicing DFAS Center immediately upon commencement of disbursing duties. The memorandum will include the name of the activity, the DSSN assigned, the name and rank or grade of the DO, the opening date of the account; the beginning and ending serial number of all blank Treasury checks; and, if applicable, the name and rank or grade of the relieved DO. For Navy DOs, a copy shall also be forwarded to the financial information processing center (FIPC) to which the financial reports will be submitted.

#### 020402. Relief From Disbursing Duty

A. Joint Action by Both the Relieved and the Relieving DO. Upon reporting for disbursing duty as relief of the DO, a date upon which relief will actually be effected will be established (subject to approval by the commander). If possible, relief should take place on the last day of the month to eliminate the necessity of submission of two sets of financial reports in the same month. On the date relief is to take place, the following actions shall be taken by both the relieved and the relieving DOs:

1. Verify cash on hand.
2. Verify all other documents that support the SF 1219 as assets.
3. Verify and inventory all blank U.S. Treasury checks and prepare a letter of transfer of the checks. Both the relieved and the relieving DOs shall sign the transfer receipt document. The relieving DO is responsible for reporting all checks issued by the relieved officer that were not reported to the Treasury prior to the transfer of accountability and for resubmitting any rejected tapes containing data on checks issued by the relieved officer. Therefore, the

check numbers that the relieving officer receipts for should be included in the commencement of disbursing duties announcement memorandum. The first check in the series shall be the next sequential number after the last check listed on the relieved officer's last check issue report. The last check receipted for should be the same as the last check number previously ordered and received by the relieved officer. Any checks missing or out of numerical sequence should be researched immediately and voided if necessary.

4. Verify postal money orders on hand, if applicable.

5. Verify safekeeping deposits, if applicable.

6. Verify blank savings bond stock and validating stamps (if machine equipment is not used) and prepare a letter of transfer, if applicable. Both the relieved and relieving officer shall sign the transfer receipt document. Notify the FRB from which the savings bonds were received by forwarding a copy of the letter of transfer to the FRB.

7. When local regulations require, prepare a memorandum of relief for submission to the commander.

8. Verify and transfer all backup documentation for open debit balances in deposit fund accounts \*\*F3878 and \*\*F3880.

a. For deposit account \*\*F3878, the relieved DO must present a detailed list of individual subsidiary transactions supporting the balance in the account along with certification and supporting documentation that irregularities in the account have been properly processed in accordance with chapter 06 of this Volume.

b. For deposit account \*\*F3880, the relieved DO must present a detailed list of individual subsidiary transactions supporting documentation or backup information and current status. Documented evidence must include certification that the DO or primary deputy personally reviewed the balances in the account within the last month as required by chapter 08 of this Volume.

B. Action by Relieved DO. Upon relief from disbursing duty, the following actions are required to be taken by the relieved officer:

★ 1. Terminate all deputy, agent, and cashier appointments and clear all related DD Forms 1081.

2. Transfer all money accounts, books, property, vouchers, and other retained records to the relieving officer.

3. Prepare and submit a final SF 1219. The relieving DO shall sign a certificate of acceptance of total accountability on the SF 1219 as prescribed by paragraph 050602 in chapter 05 of this Volume. See figure 2-3.

4. Forward a copy of the relieving DO's commencement of disbursing duty memorandum (including copies of all the letters of transfer of the total accountability) with the final SF 1219 to the activity to which financial reports are submitted.

5. Prepare and forward a memorandum to the servicing DFAS Center advising the date and check number of the last check issued.

6. If it is anticipated that the signature plate will be used at a subsequent duty station, forward the plate to the servicing DFAS Center for safekeeping.

7. When a signature plate is withdrawn from service and is not to be used again, it shall be delivered to the servicing DFAS Center for destruction. When the plate has been destroyed, a properly executed certificate identifying the specific plate and date of destruction shall be furnished the DO.

8. Transfer custody of the check signing machine to the relieving officer, if applicable.

9. Verify balances in suspense accounts are properly documented.

10. A final accounting for savings bonds shall be made to the FRB if the DO is also designated as a bond issuing agent.

C. Action by Relieving DO. The provisions in this subparagraph pertain to the relieving DO upon transfer of accountability from the relieved officer. The relieving officer shall insure that all actions listed in this section are accomplished, documented, and verified prior to signing for the accountability. The actions listed below summarize the actions to be taken by a relieving DO prior to reporting to the new disbursing activity as well as actions required as part of the relief process:

1. Upon receipt of orders to disbursing duty, furnish specimen signatures to the servicing DFAS Center by completing TFS Forms 5583 and 3023. If signatures have been previously furnished as DO or deputy DO, submission of new specimen signatures is not required unless specifically requested or a change of official signature is desired. If, however, the relieved officer has a limited depositary checking account, then specimen signatures shall be provided to the limited depositary.

★ 2. Contact the disbursing activity to determine if a check-signing machine is in use. Obtain all necessary information about the machine (e.g. make, model, number of plates required, etc.). If the relieving officer has never had a signature plate, then provide specimen signatures and request that the servicing DFAS Center order the required plates in sufficient time to arrive prior to the actual date of relief. If a signature plate which is compatible with the check-signing machine is in safekeeping at the DFAS Center, then request that it be sent to the new disbursing office. If signature plates cannot be received or obtained prior to the actual date of relief, the relieving DO may request the servicing DFAS Center to authorize the use of the relieved DO's signature plates until the new DO's plates are received. This procedure is to allow continued efficient operations of the disbursing office. Under this procedure, pecuniary liability for improper payments made on or after the date the relieving DO assumes responsibility rests with the relieving DO.

3. Submit a memorandum of notification announcing the commencement of disbursing duties to the servicing DFAS Center.

4. Request appointment as a bond issuing agent, if required.

5. Appoint at least one deputy DO and submit the required copies of the appointment and signature cards to the servicing DFAS Center. Also, appoint agents, cashiers, and other internal designations as necessary.

6. Verify the adequacy of the safekeeping facilities for funds, blank checks, bonds, and other accountable documents. If the facilities are inadequate, report the deficiencies to the commander and request that proper facilities be provided.

7. Change the combination of all safes including those assigned to other accountable individuals.

8. Review on hand cash requirements. If the current cash authority continues to be valid, it may be retained by the new DO until the normal resubmission date. If not acceptable, a new cash holding authority shall be resubmitted by the new DO as soon as possible after taking over the account.

9. Order all required official publications not on hand.

10. Notify all serviced activities, agencies, commercial concerns, and individuals of the account holder change.

#### 0205 CHANGE IN THE STATUS OF DISBURSING OFFICERS OR DEPUTIES

020501. Authorized Absence of DOs or Deputies at Branch Offices. During an authorized absence, the DO remains liable for the account until or unless the DO is officially transferred. The account need not be transferred unless, in the DO's judgement, the ability to effect proper supervision is impaired. The DO shall maintain an adequate system of procedures and controls to avoid errors and to take appropriate steps to ensure the systems' implementation and effectiveness. In order for relief of liability to be granted, the DO shall clearly show what the procedures were and how they were implemented during the absence (e.g., the record shall show that any loss incurred was not the result of bad faith or lack of reasonable care).

#### 020502. Death, Incapacity, or Removal of a DO from Duty for Cause

A. General. When a DO dies, is incapacitated, or removed from disbursing duty for cause (including unauthorized absence), the deputy is authorized under 10 U.S.C. 2773 (reference (1)) to continue to disburse in the name of and under the accounts of the DO for a period of time not to extend beyond the last day of the second month following the month of death, incapacity, or removal. If there is more than one deputy, the commander shall designate the deputy authorized to disburse in the name of the DO.

B. Responsibility of the Commander.  
The commander shall take the following action:

1. Seize and seal all disbursing spaces, keys, property, and safe(s) to ensure the security of the funds, property, and spaces involved.

2. Appoint a board of not less than three disinterested but qualified officers to take an inventory of the vouchers, funds, and property then on hand (see subparagraph 020502.C below).

3. Based on the disbursing needs of the activity, take one of the following actions:

a. Appoint a suitable person to act as custodian of the vouchers, funds, and property of the disbursing office (see subparagraph 020502.D below).

b. Appoint a suitable person (normally a deputy DO) to take charge of the vouchers, funds, and property involved and to perform the duties of the DO as Acting Accountable DO until a regular relief reports (or is appointed) or until the last day of the second month following the date of death, incapacity, or removal (see subparagraph 020502.E below).

4. Notify the servicing DFAS Center by message of all actions taken. Provide an information copy to DFAS Headquarters, and for Navy disbursing offices, the applicable FIPC receiving the DO's financial reports.

C. Responsibility of the Inventory Board. The board of officers appointed as pre-

scribed in paragraph 020502.B.2 above shall take a complete inventory of all public funds, including advances to deputies, agents, and cashiers; vouchers evidencing receipt, transfer, or disbursement of funds; safekeeping deposits, if applicable; and property of the DO in the presence of the immediate custodians and the appointed custodian, acting accountable DO, or relief. All official records shall be verified to determine that the cash on hand is in agreement with the records and that all checks used in the current accounting period have been properly accounted for. Blank checks shall also be inventoried to determine if there are any blank checks missing. In the event a shortage or deficiency is discovered, the commander shall take the actions prescribed for losses of funds or deficiencies in the DO's account as prescribed in chapter 06 of this Volume. An original and four copies of the inventory shall be prepared and certified by all members of the board as a true and accurate inventory. The inventory board shall turn over to the appointed custodian, acting accountable DO, or relief, all public funds and property certified on the inventory. The custodian, acting accountable DO, or relief shall receipt the original inventory and retain a copy. The original of the inventory shall be turned over to the commander by the board and each member of the board shall retain one of the remaining certified copies.

D. Responsibility of the Custodian. The custodian shall assume custody of the public funds and property held by the DO upon receipting of the original of the inventory. No transactions other than collections shall be conducted. Upon the return of the incapacitated DO or reporting of a new permanent DO as relief, the custodian and the DO shall inventory and transfer all vouchers, funds, and property as prescribed for relief procedures.

E. Responsibility of the Acting Accountable DO (Deputy). When authorized by the commander to continue the accounts of a DO as acting accountable DO, the deputy shall perform all official duties that would have been required of the DO. The deputy shall prepare and submit financial reports for the DO as of the date of the death, incapacity, or unauthorized absence of the DO. Only those vouchers actually paid by the former DO shall be included in the reports. The reports shall be submitted in the

name of the former DO by the deputy; i.e., "John Hancock by G.C. Garland." The reports shall include information as to the date of death, incapacity, or unauthorized absence and the fact that transactions included were made by the DO. Vouchers for which checks have been drawn but not delivered shall be included in the first of the subsequent reports covering transactions made by the deputy. Subsequent financial reports shall be submitted at the normally prescribed times in the name of the former DO; shall be signed by the deputy as indicated above; and shall include an explanation that the reports include only transactions made by the deputy under authority of this subparagraph subsequent to the death, incapacity, or unauthorized absence of the former DO. The financial reports of transactions performed by an acting accountable DO shall not be merged with those of the officer for whom appointed, or with those submitted by the regular relief after the regular relief assumes duties. All checks drawn by the deputy should be signed in the manner normally used when the deputy signs checks. However, if the volume of checks warrants, the signature plate of the former DO may be used. The deputy shall be legally liable and responsible for all payments and official acts subsequent to the death, incapacity, or removal of the DO and not the former DO or the estate of the former DO.

F. Responsibility of the Relief. If the commander appoints an individual as DO to relieve the deceased, incapacitated, or removed DO, the relieving officer shall be responsible for performing all actions required in section 0204 of this chapter. The relieving DO shall be responsible for rendering financial reports in his own name the same as any other DO.

G. Administration of the Accounts of an Incapacitated or Removed for Cause DO. The rights of a deceased, incapacitated, or removed DO, as well as the custodian, acting accountable DO, or relief shall be fully protected so that, in the event of differences discovered during settlement of the accounts, the responsibility may be assigned to the appropriate individual. The acting accountable DO or relief shall take the actions necessary to complete the vouchers, close the accounts, maintain custody of records, and render the final reports of the former DO. Documents prepared in connection with the

administration and settlement of the accounts of a former DO shall be signed as follows:

\_\_\_\_\_  
(Name of Disbursing Officer)

By \_\_\_\_\_  
Acting (appointed per 10 U.S.C. 2773)

The commander may allow an incapacitated or removed DO a reasonable time to close the disbursing accounts and render the final accountability reports. If a DO is restored to duty following arrest, suspension, or other incapacity, the commander shall direct that a second inventory be taken by the restored DO and the custodian, acting accountable DO, or relief. The DO restored to duty or the relief shall be accountable only for the vouchers, funds, and property on hand when the inventory is taken. The custodian, acting accountable DO, or relief shall be accountable for all vouchers, funds, property, and transactions which took place from the date the original inventory was receipted.

H. Deputy at Branch Disbursing Office. In the event of the death, incapacity, unauthorized absence, arrest or other emergency absence of a deputy at a branch disbursing office, the DO shall be advised by the most expeditious means available. Depending upon the circumstances, the DO shall request the commander of the activity at which the branch office is located to appoint a board to take an inventory of the vouchers, funds, and property of the deputy and appoint a suitable person to take custody of the vouchers, funds, and property until inventory can be taken by the DO. If practical, the DO shall take an inventory of the vouchers, funds, and property in the presence of a competent witness.

## 0206 AGENTS OF DISBURSING OFFICERS

020601. General. Officers, enlisted members, or civilian employees satisfactory to the appointing officer, may be appointed to the position of disbursing agent, cashier, or paying agent. It is undesirable from a security standpoint to allow excessive numbers of individuals to have access to public funds. Commanders and DFAS Centers shall take appropriate steps to ensure that only the minimum number of accountable positions are authorized at activities under their

jurisdiction. Examination and inspection teams should review the number of accountable positions in use at disbursing activities and include comments and recommendations, as appropriate, in the report of examination or inspection. Accountable positions as agents of disbursing officers shall be established and approved locally by the commander. The individuals shall be appointed in writing by the appropriate appointing official as explained in the following paragraphs for each specific type of position. In all cases the letter of appointment shall include the specific duties and limitations, effective date, duration of the appointment, and the name of the individual being relieved, if any. The appointed individual shall acknowledge appointment and acceptance of the position on the original and all copies of the letter of appointment and shall include the statement "I agree to hold myself accountable to the United States for all public funds received." Letters of appointment shall be maintained in a permanent file at the activity to show the successive holders of each position and shall be retained for a period not less than 6 months after the individual ceases to serve in the position. Appointments as agents of disbursing officers are effective only while the DO continues to serve as DO of that activity. Appointments as agents of disbursing officers may be revoked by the appointing officer at any time. The revocation shall be in writing and shall include the effective date of the revocation. Except as provided in this Volume, individuals appointed as agents of DOs are not authorized to serve concurrently in any other accountable position and shall not be charged with the handling or custody of any other funds.

## 020602. Disbursing Agents

★ A. Duties and Responsibilities. A disbursing agent is an agent to the DO who has not been appointed as a deputy DO. Normally, a disbursing agent operates a permanently located disbursing office of considerable size (i.e., most functional areas such as military pay, civilian pay, material, commercial services, etc., being present) that is geographically separated from the DO's office. In some instances a one or two person disbursing agent office may be established. However the use of disbursing agents is not restricted to geographic separation from the DO. Unlike the DO, or deputy DO, a disbursing agent cannot sign/issue Treasury checks (unless



the appointment is changed from disbursing agent to deputy DO). See paragraph 020305, Deputy Disbursing Officer. A disbursing agent prepares disbursement and collection vouchers as an agent of the DO. Such vouchers become part of the DO's overall accountability.

★ B. Establishment of Position. Disbursing agent positions are established in writing by the major command or Defense Agency. When the duties of the position include the authority to sign/issue Treasury checks, see paragraph 020305.

C. Appointments to Position. The commander shall make written appointment of the individual who will fill the established disbursing agent position. The letter of appointment shall be issued in an original and two copies and shall contain the name and rank or grade of the agent; office where duties are to be performed; description of duties or job description to be performed; effective date of the appointment; acknowledgement of acceptance of the appointment and the statement "I agree to hold myself accountable to the United States for all public funds received"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. This appointment must be coordinated with the parent DO.

#### 020603. Cashiers

★ A. Selection Procedure. An officer, enlisted member, or a civilian employee, with working knowledge of the cash functions and operations, may be designated as cashier. The DO or disbursing agent should make a thorough investigation of the selectee to ensure that the individual is of unquestionable integrity. To accomplish this the DO or disbursing agent should examine personnel records and talk to the individual and other persons as necessary. In addition a credit report should be obtained if the service is available. Costs associated with obtaining a credit report are a valid charge to Operations and Maintenance (O&M) funds available to the DO. Credit reports shall be adequately safeguarded.

B. Duties and Responsibilities. Duties include disbursing, collecting, and accounting for cash. The cashier may also perform

other duties as required, concerning the receipt, custody, safeguarding, and preparation of checks and U.S. savings bonds. To facilitate training and effectively utilize personnel, cashiers may perform other duties on days when they do not perform cashier functions.

★ C. Letter of Appointment. Cashiers shall be appointed in writing by the local DO or disbursing agent. The letter of appointment shall be issued in an original and two copies and shall contain the name and rank or grade of the cashier; office where duties are to be performed; description of duties or job description to be performed; effective date of the appointment; acknowledgement of acceptance of the appointment and the statement "I acknowledge that I am strictly liable to the United States for all public Funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions.

D. Distribution. The original of the letter of appointment shall be delivered to the cashier; a copy to the office where duties are performed; and a copy to the appointing DO or disbursing agent.

E. Restrictions. A cashier is not authorized to:

1. Sign checks.
2. Accept checks drawn (and endorsed to the cashier) in the name of the DO or disbursing agent to procure cash and disburse for any purpose.
3. Prepare billing documents and make collections for these same items. This restriction also applies to agents performing cashier duties.
4. Prepare vouchers that will be paid later by the cashier.
5. Prepare vouchers on those days when cashier functions are performed.
6. Prepare DO accountability reports, where practical. If the cashier must prepare DO accountability reports, the DO or depu-

ty (or disbursing agent) shall personally review the reports.

★ F. Letter of Termination. The DO or disbursing agent, as applicable, shall issue a letter of termination to the individual when the DO or agent is relieved or when the individual cashier's duties are terminated.

#### 020604. Paying Agents

★ A. Restriction on Appointment. Paying agents may be appointed only when adequate payment, currency conversion, or check cashing service cannot be provided otherwise. Paying agents shall not be appointed solely as a convenience when it is feasible for the transactions to be made by the DO, deputy, disbursing agents, or cashiers. In an unusual situation, such as payments or currency conversions at remote locations where use of checks is not feasible, the DO may request the commander of the remote location to appoint a paying agent to make the payments for and in the name of the DO from funds advanced for that purpose. Paying agents shall never be appointed or utilized over protest of the accountable DO. Paying agents will not act as purchasing officers.

★ B. Appointment. Paying agents shall be appointed in writing by the commander. The appointment letter shall contain the paying agent's name, rank or grade, SSN, and duty station; the name, rank or grade, and station of the DO for whom the paying agent will act, and the DSSN; the duties and responsibilities of the agent; a description of the type of payments or currency conversions to be made by the paying agent; the maximum amount of funds to be advanced to the agent; the period of time the appointment covers; and, the agent's acknowledgement of acceptance of the appointment and the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. Appointments may be for a specific transaction, for a definite period of time, or for an indefinite period of time. For an indefinite period, the paying agent's designation shall continue until transferred or relieved of such duty by the appointing officer or until the DO is transferred or relieved from disbursing duty. In

all cases, the paying agent shall clear his or her account with the DO upon the transfer of the DO.

#### 0207 COLLECTION AGENTS

020701. Establishment of Positions. The commander may approve and establish the position of a collection agent to receive funds derived from functions such as hospitalization fees and other charges at medical facilities; communications charges; rentals and other charges at housing developments; fees for research or reproduction of records; safekeeping deposits where the safekeeping function is not performed by the DO; and similar functions when deemed appropriate by the commander.

★020702. Appointments. Appointments of collection agents remain in effect during the agent's service at the activity unless revoked by the appointing authority. The appointment does not require reissue by successors to the positions of commander or other authorized appointing officer. Individual collection agents shall be appointed in writing by the appointing authority. The letter of appointment shall be issued in an original and two copies and shall contain the name and rank or grade of the collection agent; office where duties are to be performed; description of duties or job description to be performed; effective date of the appointment; acknowledgement of acceptance of the appointment and the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. Individuals appointed as collection agents are not authorized to serve concurrently in any other accountable position and shall not be charged with the handling or custody of any other funds.

020703. Revocation of Appointment. The appointment of a collection agent may be revoked by the appointing authority at any time. The revocation shall be in writing addressed to the agent and shall include the effective date of the revocation.

#### 0208 CHANGE FUND CUSTODIAN



020801. Duties and Responsibilities. The change fund custodian receives the change fund from the parent DO and uses the fund to make change in conjunction with sales transactions and, in some cases, for providing accommodation cash in exchange for a check made for more than the purchase amount. The change fund custodian is responsible for safeguarding the funds provided and may be held pecuniarily liable for any loss of the change fund.

020802. Establishment of Position. The commander of the sales activity establishes the position of change fund custodian.

\*020803. Appointments to the Position. The commander or designee of the activity; e.g., commissary, hospital, etc., shall appoint the individual who will fill the established position. The letter of appointment shall contain the custodian's acknowledgement of the appointment; the statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions. The appointment shall be coordinated with the parent DO. Individuals appointed as change fund custodians are not authorized to serve concurrently in any other accountable position and shall not be charged with the handling or custody of any other funds.

## 0209 IMPREST FUNDS

020901. General. This section prescribes the general policies and procedures for using imprest funds to make small purchases of supplies or services. Specific policies and regulations concerning the establishment, use of, and accounting for imprest funds, including the responsibilities of designated imprest fund cashiers and alternates are contained in Part 4 of the Treasury Financial Manual for Guidance of Departments and Agencies, Volume I (reference (w)), Title 7 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (reference (x)), and the Federal Acquisition Regulation (reference (y)).

020902. Authority. Commanders of installations and of activities with contracting authority are authorized to approve the establishment of imprest funds when their use is advantageous to

the Government. Use of the imprest fund method of purchase by Navy vessels must be approved in writing by the Type Commander. As a general rule, only one imprest fund may be established on any installation or activity. Exceptions to this general rule may be justified for remote or isolated areas when the location of the established fund is not readily accessible. Requests for establishment of more than one imprest fund must contain complete justification and shall be submitted through channels (including the servicing DFAS Center) to the Director, DFAS. The authorization to establish an imprest fund shall be in writing, signed by the commander, and shall set for the maximum amount of the fund. The original authorization to establish an imprest fund shall be retained by the imprest fund cashier.

020903. Amount of Imprest Funds. The maximum amount of any DoD imprest fund, other than aboard Navy vessels, shall not exceed the estimated average monthly disbursements from the fund and in no case shall it exceed \$10,000. For Navy vessels, the imprest fund amount shall not exceed \$1,000 for vessels with Supply Corps officers, or \$500 for vessels without Supply Corps officers. A review shall be made, at least once each quarter of the fiscal year, to determine the continuing need for each imprest fund established and whether the amount of the fund is in excess of actual needs based on the average monthly volume of expenditures. This review shall be accomplished as a part of the quarterly verification requirements prescribed in chapter 03 of this Volume. Imprest fund transactions are limited to \$500. A single requirement totaling more than \$500 may not be split into multiple transactions to avoid the use of conventional purchasing techniques and procedures. Permanent exceptions or waiver requests of the above limitations may only be approved by the Director, DFAS. Emergency, one-time exceptions for a single transaction may be approved by the commander of the installation or designee. Copies of approvals must be retained for audit review. During periods of specified contingency operations as specified by the Joint Chiefs of Staff (JCS), the limitations on imprest fund transactions may be increased to \$2,500 and the ceiling on cash holdings may be increased to \$100,000 per imprest fund.

020904. Uses of Imprest Funds

A. General. Each imprest fund shall be under the sole custody of one individual (i.e., any officer, enlisted person, or civilian employee who is not responsible for originating, approving, and processing requirements). Additionally, an alternate imprest fund cashier may be appointed with the same requirements as the principal cashier; however, the alternate is to act only in the absence of the principal. Both principal and alternate shall be responsible financially to the DO from whom the fund was advanced. Each fund shall be operated on an imprest basis; i.e., the amount of the fund shall remain constant. The DO shall reimburse the imprest fund cashier for the exact amount of disbursements made and documented properly.

B. Conditions for Use. The imprest fund may be used for small purchases when:

★ 1. The transaction does not exceed \$500. When the purchase is in support of overseas contingencies declared by the Secretary of Defense, the transaction must not exceed \$2,500.

2. The use of the imprest fund is considered to be advantageous to the Government.

3. Supplies or services are available for delivery within 60 days whether at the contractor's place of business or at destination.

4. The purchase does not require detailed technical specifications or technical inspection.

C. Other Uses of the Imprest Fund. Imprest funds may also be used for the following:

1. Delivery charges associated with the purchase from the imprest fund when the contractor is requested to arrange for delivery. These charges include local delivery, parcel post (including cash on delivery (C.O.D.) postal charges) and line haul or inter-city transportation charges, provided the charges are determined to be reasonable and acceptance is in the best interest of the Government.

2. C.O.D. charges for supplies ordered for payment from the imprest fund.

3. Civilian volunteers for participation in approved medical research projects.

4. The imprest fund can be used for other expenditures not related to small purchases when such expenditures are authorized by other regulations. These expenditures include:

★ a. Travel advances when no DO is available in the immediate area to effect payment.

★ b. Local travel expenses (i.e., mileage allowance for travel in and around the permanent duty station not under travel orders) when no DO is available in the immediate area to effect payment.

c. Transportation charges (not related to purchases).

d. Money orders when necessary:

(1) to transmit collections for deposit;

(2) to make approved one-time purchase of books and periodicals;

(3) for catalog type items; and

(4) for fees for inter-library loan of professional books.

e. Postage stamps.

f. Transportation passes or tokens.

D. Prohibited Uses of Imprest Funds. Imprest funds shall not be used for:

1. Payment of salaries and wages.

2. Travel advances or any other advances except as authorized above.

★ 3. Payment of travel claims (except for claims for local travel not under orders, when a DO is not available in the immediate area to effect payment as authorized above).

4. Payment of public utility bills.

5. Cashing of checks or any other negotiable instruments.

6. Purchase from contractors or contractor's agents who are military personnel or civilian employees of the Government.

7. Purchase of foreign items unless the applicable decisions of exception and documentation are made prior to procurement.

8. Repetitive purchases from the same contractor when another method of purchase, such as a blanket purchase agreement, would be more appropriate.

★ 9. Payment of spot awards.

#### 020905. Imprest Fund Cashiers

★ A. Appointment. Imprest fund cashiers shall be appointed by the commander to make authorized cash payments for materials and nonpersonal services, maintain custody of funds, and file periodic vouchers to account for and replenish the imprest fund. The imprest fund cashier should be located organizationally and physically at a convenient location on the installation or activity for the purpose of making payments to vendors or carriers. DOs, disbursing office personnel, and individuals responsible for originating, approving and processing requirements are not eligible for appointment as imprest fund cashiers. In no event shall an imprest fund cashier (or alternate) have access to or control of more than one fund or be concurrently appointed to any other accountable position. Each appointment and termination or revocation of appointment shall be made in writing by issuance of a letter of appointment as appropriate. The appointment document shall contain the following:

1. name and rank or grade of the individual and duty station;

2. identification of the disbursing station for which the cashier will act (including the accounting or fiscal station number assigned, if applicable);

3. description of specific duties to be performed;

4. effective date of the appointment;

5. amount and location of the fund;

★ 6. the cashier's acknowledgment of acceptance of the appointment and the signed statement "I acknowledge that I am strictly liable to the United States for all public funds under my control"; and

7. a statement that the individual has been counseled as to the pecuniary liability and has been given written operating instructions.

The appointing document shall be maintained in a permanent file. Two copies of the appointing document shall be furnished to the cashier, and one copy each to the disbursing office and the installation or activity contracting office.

B. Advance of Funds to Imprest Fund Cashier. Funds to establish an imprest fund shall be advanced by the DO serving the activity to which the imprest fund cashier is attached. A signed copy of the document appointing the imprest fund cashier shall be furnished to the DO at the time the cashier first obtains the advance of funds. The advance shall be documented and receipted as prescribed in chapter 03 of this Volume. If the average monthly dollar value of the imprest fund purchases decreases and the authorized amount of the fund is greater than required, imprest fund cashiers shall draw only the amount of funds justified by the volume of purchases made. However, this will not be construed as a limitation on funds available to the imprest fund cashier when seasonal or other factors justify an amount greater than that indicated by this method of computation.

C. Safeguarding Imprest Funds. Cash and disbursement documentation shall be

safeguarded properly at all times through the use of safes, locked cash drawers, etc., as prescribed in chapter 03 of this Volume. Imprest funds may not be commingled with other cash funds (i.e., disbursing funds, change funds, cash receipts for other funds, etc.). Cashiers must be able to account for the full amount of funds being held at any given time. Receipts or subvouchers supporting temporarily unreimbursed expenditures from any imprest fund shall be under the accountability of the responsible imprest fund cashier, together with the cash on hand, in support of the total amount of the fund.

**D. Alternate Imprest Fund Cashier.**

An alternate imprest fund cashier may be appointed to provide service during the absence of the principal cashier. Appointment requirements for principal cashiers shall apply to alternate cashiers. In planned absences of the principal cashier, cash may be advanced by the principal to the alternate in any amount up to the limit of the fund. The principal shall obtain a signed cash receipt from the alternate. Upon resumption of duties, the principal cashier shall return the cash receipt to the alternate after obtaining paid receipts, subvouchers and residual cash. In the unforeseen absence of the principal cashier, funds may be advanced to the alternate in the normal manner by the DO. These funds shall be in addition to the amount currently advanced to the principal cashier under the established fund, but shall not exceed the authorized amount of the fund. Upon return of the principal cashier, the alternate shall return paid receipts, subvouchers, and residual cash, to the DO.

**E. Revocation.** Imprest fund cashier appointments may be revoked at any time. The revocation shall be in writing addressed to the cashier and show an effective date. A copy of the revocation shall be provided to the disbursing office and the contracting office.

**020906. Imprest Fund Procedures**

★ **A. Purchases.** Each purchase using imprest funds shall be based upon an authorized purchase requisition. Normally, orders to suppliers should be placed orally and without soliciting competition if prices are considered reasonable. Purchases shall be distributed equitably among qualified suppliers. Prompt payment discounts shall be solicited. Responsi-

bility for determining requirements, making purchases, and receiving materials and services should be the responsibility of separate individuals. All payments from an imprest fund shall be made for goods and services that have been procured by personnel authorized in accordance with the Federal Acquisition Regulation (reference (y)). Imprest fund purchases need not be supported by a purchase order, unless they provide some advantage to the Government such as vendor discounts. In these cases, a regular purchase order form endorsed "payment to be made in cash" may be used. Receipts shall be secured for each payment made from imprest funds. Since purchases with imprest funds are of relatively small value, Government tax exemption certificates shall not be required.

★ **B. Receipt of Material.** All material purchased through the imprest fund shall be delivered to a designated receiving activity. The receiver shall examine the material to ascertain that the quantities and items described on the purchase request document and the supplier's sales document are present and in satisfactory condition. If the material is acceptable, the receiver shall stamp the supplier's sales document "Received and Accepted," date and sign the document, and pass it to the imprest fund cashier for payment. A supplier's sales document, a DD Form 1155, Order for Supplies or Services/Request for Quotations, or a DD Form 1348-1, DoD Single Line Item Release/Receipt Document may be used to record the receipt of purchases made from the imprest fund. When it is not practicable to obtain delivery of material at destination on a c.o.d. basis, advance arrangement may be made for the material to be picked up. The imprest fund cashier may then advance cash to an authorized individual to pick up and pay for the material. Necessary certification of receipt and acceptance of material shall be obtained on one of the documents as indicated above. Receipt for cash payment shall be made on the same document, which will serve as the imprest fund receipt. When prior arrangement for pick up of material is not practicable, the imprest fund cashier may advance cash to an authorized individual to make a proposed purchase.

★ **C. Advance of Funds.** Individuals receiving a cash advance from the imprest fund cashier shall be required to sign a receipt for

cash. After purchase has been made, the individual shall return any unused cash to the imprest fund cashier with the necessary certifications of receipt, acceptance, and cash payment, at which time the imprest fund cashier shall "void" the receipt for cash. Cash so advanced should be accounted for daily, but under unusual circumstances, cash may be advanced for a longer period (not in excess of seven (7) calendar days).

#### D. Certification of Cash Payment.

The original receipt document (or a copy tendered as the original) presented to the imprest fund cashier for payment shall be stamped with a certification containing the following information:

1. Statement that cash payment was received in full.
2. Amount paid.
3. Date of payment.
4. Signature and title of supplier or supplier's agent receiving the cash payment.

Alterations or corrections to documents tendered for payment shall be initialed by the person making the change. Changes in the amount paid shall be initialed by the individual receiving payment.

★ E. Responsibilities of Imprest Fund Cashier. Pending receipt of material, the imprest fund cashier shall keep a file of purchase request documents covering imprest fund purchases. Prior to payment, or acceptance of the document tendered for settlement of an advance, the cashier shall verify the necessary certification of receipt and the supplier's billed price or the price paid. If the supplier's receipt for cash payment is not obtained for purchases of \$15 or less, the imprest fund cashier shall complete the cash receipt document and have the person receiving the fund sign this document. Receipt for U.S. parcel post c.o.d. charges should be obtained. When a receipt cannot be obtained for c.o.d. purchases, imprest fund cashiers located in foreign countries are authorized to certify on the receipt document, "Delivered by (name of post office or carrier) no receipt given." The c.o.d. label shall be removed from the parcel and affixed to the receipt document in support of the

reimbursement voucher. Imprest fund cashiers at any location may accept a signed c.o.d. receipt to support the subvoucher if the carrier refuses to sign a Government form. After completion of settlement transaction, each subvoucher shall be numbered consecutively beginning with one each fiscal year and this number placed on the original of the paid receipt documents. These subvouchers will support the cashier's claim for reimbursement of the imprest fund. The imprest fund cashier will not request duplicate receipt documents, nor retain such documents if provided. When total charges stated on the sales document are paid, without deduction of discounts offered and earned, or without correction of minor billing errors, action will be taken to obtain a refund from the supplier. Collection action may be waived for refunds of one dollar or less.

#### F. Payments

1. C.O.D. Upon presentation of an authorized document with the necessary certification of receipt for supplies or services, the imprest fund cashier or other authorized individual shall pay the supplier or supplier's agent and obtain the certification of cash payment as set forth above.

2. Receipt From Common Carrier or Post Office. When c.o.d. shipments are received or picked up from a common carrier or post office, the certification of cash payment may be accomplished on a list of the packages provided by the post office or common carrier. Such receipt will be supported by copies of the applicable sales documents, if available.

3. Periodic Payments. When a blanket purchase agreement is not suitable and it is administratively convenient and agreeable to the supplier, periodic payments from the imprest fund may be made for supplies delivered on a repetitive basis, provided that the accumulated amount of the deliveries for the specified period does not exceed the dollar limitation imposed on the imprest fund method by paragraph 020903 above.

4. Failure to Ship C.O.D. When material is ordered c.o.d. but is shipped by the supplier subject to payment by check, SF 1034, Public Voucher for Purchases and Services Other

than Personal shall be used to make payment. Under these circumstances, the receiver, shall prepare the necessary certification of receipt and forward the receipted document through the imprest fund cashier, for attachment of the supporting documents which authorized the shipment and submission to the DO for payment.

5. Money Orders. Cashiers may purchase money orders using imprest funds, when necessary, to do the following:

a. Transmit collections for deposit.

b. Deposit part of the fund when the fund is to be reduced or liquidated.

c. Make approved cost-effective mail order purchases for one-time acquisition of reference manuals, singular publications or pamphlets, catalog-type items, and fees for the inter-library loan of professional books. This procedure shall not be used to circumvent controls on the procurement of periodic subscriptions.

In implementing this authority, DoD Components shall establish and maintain internal controls which shall include attaching a legible copy of the money order (that shows purchasing activity, payee, and amount) to the requisition file, together with annotation of the date mailed. The original money order receipt shall be retained by the imprest fund cashier to substantiate disbursement of the money order fee.

G. Reimbursement of Imprest Funds. The imprest fund shall be reimbursed by use of OF 1129, Cashier Reimbursement Voucher and/or Accountability Report supported by cashier's subvouchers. The imprest fund cashier shall prepare and submit OF 1129 in triplicate to the DO as frequently as necessary, but not less often than monthly. At the close of the fiscal year, an OF 1129 covering all remaining subvouchers through 30 September shall be submitted before the closing of the allotment accounts for the month. When required, subvouchers shall be summarized by account to complete the accounting classification block of OF 1129 and submitted to the DO for reimbursement of the imprest fund. One copy of OF 1129 shall be

retained by the imprest fund cashier pending the return of the "paid" copy of the form with the reimbursement checks or currency in the amounts requested by the cashier. When the imprest fund is reimbursed by mail, or when long delays in the reimbursement are encountered, the imprest fund cashier may retain copies of subvouchers until reimbursement is accomplished. When copies are retained, they shall be placed in a sealed envelope identified to the reimbursement voucher involved. When reimbursement is received, the sealed envelope will be presented to the official who signed the Administrative Certificate on the OF 1129 for destruction. When a supplier refunds cash prior to the submission of OF 1129 covering such payment, the imprest fund cashier shall accept the refund, return the money to the imprest fund, and enter the amount of the refund on the original of the supplier's receipt. When the refund is made subsequent to the submission of the applicable OF 1129, the imprest fund cashier shall enter the amount of the refund on the retained copy of the reimbursement voucher, promptly submit the refund and a properly prepared DD Form 1131 to the DO, and obtain a receipt.

H. Accounting. Recordkeeping for the imprest fund shall be as simple as possible consistent with the maintenance of adequate controls. A file of supplier's receipts for amounts paid and not yet vouchered for reimbursement, and copies of paid reimbursement vouchers ordinarily will suffice for the record of the imprest fund cashier.

I. Review. The imprest fund cashier shall be required to account for the established fund at any time, by cash on hand, paid supplier's receipts, unpaid reimbursement vouchers, and interim receipts for cash. Unannounced inspections, including cash counts are required to be made of each imprest fund at least quarterly by the Cash Verification Team appointed by the commander who authorized establishment of the fund and appointed the imprest fund cashier. See chapter 03 of this Volume. Reports of discrepancies and investigations, as appropriate, shall be made as prescribed in chapter 06 of this Volume.

020907. Imprest Fund Depository Demand Withdrawal Account. An imprest depository

demand withdrawal account may be established for cash withdrawals only when large sums of cash must be secured for investigative accounts or locally available financial institutions refuse to cash replenishment checks, even for a fee, when an account is not maintained with them. A demand withdrawal account shall be established only upon request to, and approval by, the Director, DFAS. The approval shall be retained by the imprest fund cashier as part of the official records. Procedures on depository accounts are as follows:

A. Financial institutions selected to maintain an imprest fund cashier's account must meet the eligibility requirements of 31 CFR 202 (reference (z)).

B. Signature cards for access to the account must be signed by both the principal cashier and the DoD Component Head, or other authorized official (not lower than the comptroller or chief accounting officer of the installation) as designated by the DoD Component Head.

C. A letter signed by the DoD Component Head, or designee, must be sent to the financial institution advising that the funds deposited to the account are official funds of the U.S. Government and are in no way subject to claim by a surviving relative of any of the individuals who are designated to sign on the account.

D. Checks must be made payable to cash for withdrawal by the cashier only; i.e., checks may not be made payable to fellow employees, vendors, etc. Withdrawal by automated teller machine is not authorized. Specific internal controls must be used to prevent such check issuances or withdrawals.

E. Accounts may be interest bearing or noninterest bearing. However, balances held in the account shall be limited to immediate disbursing needs. Any interest earned from the account must be deposited to the applicable DoD Component miscellaneous receipt account.

F. A minimum balance should be maintained to preclude service charges, unless payment of the service charge is more advantageous to the U.S. Government. Service charges or any other fees related to the account, or for

cashing U.S. Treasury checks, must be paid by the DoD Component.

G. DoD Components may not enter into any arrangement with a financial institution for overdraft protection.

H. Replenishment checks shall not be deposited to the account until the funds are needed for issuance.

I. Maximum size of the account is left to the discretion of the DoD Component Head, or designee, but under no circumstances may the amount exceed \$10,000.

J. Deviations from the demand withdrawal account requirements within this paragraph may be authorized on an individual case basis by the Director, DFAS.

K. A monthly reconciliation of any depository demand account, using SF 1149, Statement of Designated Depository Account, must be performed by the cashier. The cashier shall submit the SF 1149 to the official who approved the establishing of the imprest fund together with the OF 1129. A copy of the completed SF 1149 and OF 1129 shall be retained by the cashier as part of the official records. Reconciliation, audit trails, verification, and accountability shall be in accordance with I TFM, Part 4, chapter 8000 (reference (w)) and chapter 14 of this Volume.

\*020908. Requests for Deviations. Requests for deviations to the imprest fund policies and procedures prescribed in this Volume shall be submitted in writing through channels to the Director, DFAS, for approval. Items requiring approval to deviate include, but are not limited to, the following:

A. Temporary or permanent exceptions or waiver of imprest fund amount or payment limitations.

B. Placement of imprest funds in depository accounts or use of third party payment drafts.

Copies of approvals must be retained for post review by representatives of the U.S. Treasury



Department or the DoD Component audit organizations.

#### 0210 ALTERNATE AGENTS

When required, one or more individuals may be designated as an alternate agent to serve only during the absence of an imprest fund cashier, disbursing agent, cashier, change fund custodian, or collection agent. Alternate agents are not permitted in the case of deputy DOs or paying agents. Alternate agents shall be issued letters of appointment as prescribed for the primary agent by the official authorized to appoint the agents. The alternate is an agent of the appointing official and when serving in place of the primary agent is governed by all regulations applicable to the primary agent. Funds received by alternates shall not be merged with those of the primary agent. Separate records shall be maintained to establish the amount for which each agent (or alternate) is responsible. Alternates are prohibited from conducting operations involving the handling of public funds concurrently with the primary agent. Upon written authorization of the appointing official, a primary agent may advance to an alternate agent a specified portion of cash holdings for use only during the absence of the primary agent. A DD Form 1081, Statement of Agent Officer's Account shall be signed by the alternate and held by the primary agent as evidence of the advance.

#### 0211 DEATH, INCAPACITY, OR UNAUTHORIZED ABSENCE OF AGENTS

In the event of the death, incapacity, unauthorized absence, arrest, or other emergency absence of an agent, the commander shall take action as prescribed in section 0205 of this chapter for deputies at branch offices except that relieving agents shall be appointed in accordance with the procedures applicable to the position involved. In the case of an imprest fund cashier, the final voucher should be prepared by the relieving imprest fund cashier.

#### 0212 CERTIFYING OFFICERS

021201. Purpose of Certification. The signature of a certifying officer attests to the correctness of statements, facts, accounts, and amounts appearing on a voucher (and/or other supporting docu-

ments from which a voucher is prepared and payment made) when certified. This does not include certification of fund availability. Under current law, determination and certification of fund availability is the responsibility of the DO making payment on the voucher.

#### 021202. Qualifications and Selection

★ A. Qualifications. An officer, enlisted member, or a civilian employee may be designated as a certifying officer. Eligible personnel include:

1. The disbursing officer.
2. A deputy disbursing officer.
3. Agents whose appointment orders specify responsibility for certification of vouchers and/or supporting documents.
4. Individuals operating under the direct supervision of a disbursing officer, disbursing agent, or an accounting agent who are authorized and designated in writing to provide certifications on vouchers and/or supporting documents.
5. Commanders, deputy commanders for resource management, personnel officers, contracting officers, program managers who initiate administrative commitment documents, and other personnel designated by the commander or deputy commander for resource management (or equivalent staff position) to provide certifications on vouchers and/or supporting documents to be sent to disbursing officers or agent officers for payment.

#### B. Selection

1. Personnel Who Work Under the Direct Supervision of a DO. An individual selected to certify shall be appointed in writing by the DO. The appointment letter shall specify the extent of the authority to certify and state how certifications are to be made. The letter shall contain a statement that the appointee is not authorized to provide certifications on vouchers and documents specifically required by directive to be accomplished by the DO, deputy, disbursing agent, or by a person outside the



disbursing office functional area. A copy of the appointment letter shall be furnished to the appointee, the servicing functional area, and a copy shall be kept in the permanent files of the issuing office.

2. Personnel Selected by the Commander, Deputy Commander for Resource Management, or Equivalent Staff Positions. The appropriate official shall appoint the individual by issuing a letter of appointment and completing DD Form 577, Signature Card. The appointment letter shall specify the extent of the authority to certify and state how certifications are to be made. All such appointments shall be coordinated with the DO. A copy of the appointment letter and the DD Form 577 shall be furnished to the DO. The DO shall advise the appointee of certifying officer's responsibilities and stress the importance of notifying the DO in the event appointment is terminated. The DO may accomplish these requirements with a form letter.

3. Persons Assigned to Tenant Units. Tenant unit commanders are certifying officers by virtue of their position. Other certifying officers assigned to tenant units shall be appointed by the commander of the tenant unit. The commander shall appoint the individual by issuing a letter of appointment and completing a DD Form 577. The appointment letter shall specify the extent of the authority to certify and state how certifications are to be made. All such appointments shall be coordinated with the DO. A copy of the appointment letter and the DD Form 577 shall be furnished to the servicing DO. The DO shall advise the appointee of certifying officer's responsibilities and stress the importance of notifying the DO in the event appointment is terminated. The DO may accomplish these requirements with a form letter.

4. Persons Assigned to Other DoD Agencies. Appointments shall be made in writing by the head of the office to which the appointee is assigned. This official shall furnish the DO a completed DD Form 577 and a copy of the appointment letter. The appointment letter should clearly define the responsibilities of the position. The DO shall advise the appointee of certifying officer's responsibilities and stress the importance of notifying the DO in the event

appointment is terminated. The DO may accomplish these requirements with a form letter.

021203. Restrictions. Persons who work under the direct supervision of a DO or disbursing agent may be authorized to certify vouchers and other documents as an administrative aid to the DO. Such authorization shall not be made if:

A. Personal certification by the DO, deputy, or disbursing agent is required.

B. Certification by an individual outside the disbursing functional area is required (for example, a commander, deputy commander for resource management, or personnel officer).

C. An individual's assigned duties involve physical receipt or disbursement of cash, or preparation and processing of Treasury checks.

D. The person certifying the voucher is also the payee on the voucher.

E. The DO or disbursing agent is relieved from personal responsibility.

021204. Signature Requirements

A. General. Certifying officers who are appointed by officials other than the DO must file a DD Form 577 with the DO or disbursing agent with the only exception listed in paragraph 021204.B below. The commander, deputy commander for resource management, or designee, as appropriate, shall approve the DD Form 577 before submission to the DO or disbursing agent. An example of a DD Form 577 is shown as figure 2-4. Designees should normally be a squadron commander or chief of a major staff organization. DOs and disbursing agents shall keep files of DD Forms 577 in locations easily accessible to their personnel for use in verifying signatures of certifying officers. DOs shall make annual reviews of their signature card files to ensure that only the names of those individuals who are currently authorized to certify appear in the files.

B. Exception to Filing DD Form 577. DD Forms 577 or appointment letters for individuals certifying JUMPS supporting documents are maintained at the initiating activity. Unit or

squadron commanders are authorized to certify JUMPS supporting documents by virtue of their position. Unit or squadron commanders may appoint individuals under their command as certifying officers by appointment letters or DD Form 577. The DD Forms 577 or appointment letters do not have to be renewed when a new commander is assigned unless desired by the new commander.

021205. Accomplishing Certifications. Every certification is by original signature of the certifying officer. The name and rank or grade of the certifying officer shall be typed or stamped below the signature.

021206. Contracting Officers and Program Managers. Although the DO has the ultimate responsibility for determining propriety of an expenditure of funds, the highly technical and complex nature of many contractual documents imposes an extra burden on disbursing personnel. In many cases, they simply do not have the technical expertise to make the required determinations. For example, the contracting officer who executes a contract modification can best determine whether it is in the scope, or an increase in the scope, of the original contract. Similarly, program managers can often make the best determination of the proper funds to be charged. Therefore, DOs must use the expertise of these personnel to supplement the expertise available within the disbursing office.

A. As mutually agreed upon by the activities concerned, DOs may require contracting officers and appropriate program managers to certify the propriety of funds cited on a contract or administrative commitment document before sending the document to the disbursing office. Such contracting officers or program managers must be officially designated as certifying officers as prescribed in paragraph 021202 above.

B. The DO would then verify the validity of the accounting classification on such documents and certify fund availability. It must be recognized, however, that reliance on this supporting certification of fund propriety does not relieve the DO of his or her basic responsibilities.

C. Disbursing office personnel must review the determinations made by such officially designated contracting officers or program managers. If there is any doubt as to the correctness of the determination, the DO should ask the certifying officer to furnish the basis for making the determination. This review is essential to carrying out the DO's basic responsibilities.

D. Supporting documentation and certification statements dealing with the propriety of funds cited shall be retained with the disbursing office copies of vouchers for audit.

021207. Notification of Relief. Certifying officers shall promptly notify DOs and disbursing agents of the effective date of their relief from certifying officer duties.

PAUL JOSEPH DOE; DEPUTY FOR: JOHN ALLEN HANCOCK DSSN 5219

**SIGNATURE CARD**

The information requested on the enclosed form is required under the provisions of 31 U.S.C. 82b to identify the accredited official for disbursing operations. Failure to provide the information may affect the accreditation of the individual.

Notify the Bureau of  
Government Finan-  
cial Operations of  
any change in this  
address.

USS MARS (AFS-1)  
FPO AP 96672-3030

Sign here, in form to  
be used on checks:

I certify that the  
above signature is  
that of the disburs-  
ing officer named.

J. A. HANCOCK

DISBURSING OFFICER

The signature of the person certifying should be known to  
the Bureau of Government Financial Operations

Title

Date: December 5, 19XX

When signed forward immediately to the Bureau of Government Financial Operations  
Washington, D.C. 20226

**TFS**

FORM  
9-76

**5583**

PREVIOUS EDITION  
IS OBSOLETE

DEPT. OF THE TREAS-FIS. SERV.  
BUR. OF GOV'T. FIN. OPS.

Figure 2-1. Sample TFS Form 5583, Signature Card

Department of the Treasury  
Bureau of Government Financial Operations  
Reconciliation Branch  
Payment Reconciliation Section  
Washington, DC 20226

PAUL JOSEPH DOE  
DEPUTY FOR:  
JOHN ALLEN HANCOCK  
DSSN 5219

The information requested on the enclosed form is required under the provisions of 31 U.S.C. 82b to identify the accredited official for disbursing operations. Failure to provide the information requested may affect the accreditation of the individual.

My official signature as it will appear on checks drawn on the United States Treasury is shown in EACH of the 14 spaces below.

I understand that a legible signature is desirable and that signatures on checks should conform closely to these specimens. I will use a permanent ink of a dark-blue, blue-black, or black color.

I will furnish new specimen signatures if a change in the form of my signature is to be made, and I will observe all of the provisions of Treasury Department Circular No. 8 in the issue, care, and use of checks.

December 5, 19XX

(Date)

(Signature)

When the signagraph is used, submit additional signatures on blank sheets.

SPECIMEN SIGNATURES


SPECIMEN SIGNATURES


TFS

FORM  
8-77

3023

FORMERLY TFS FORM 3023  
12-76, WHICH IS OBSOLETE.

DEPARTMENT OF THE TREASURY - FISCAL SERVICE  
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

Figure 2-2. Sample TFS Form 3023, Specimen Signatures

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100			STATEMENT OF ACCOUNTABILITY	
NAME OF DISBURSING OFFICER JAMES LAWRENCE RICHARDS		LOCATION OF DISBURSING OFFICER (Mailing Address) USS MARS (AFS-1) FPO AP 96672-3030		
NAME OF AGENCY NAVY		AGENCY LOCATION CODE (ALC) (Show main check symbol number) 5219		
PERIOD OF ACCOUNT FROM 01 NOV 19XX		THROUGH 30 NOV 19XX		
SECTION I. - GENERAL STATEMENT OF ACCOUNT				
PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY				
TOTAL ACCOUNTABILITY BEGINNING OF PERIOD			10,000.00	
1.00	INCREASES IN ACCOUNTABILITY			
2.1	CHECKS ISSUED ON U.S. TREASURY	8,000.00		
2.3	OTHER TRANSACTIONS			
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS			
2.36	PAYMENTS BY ANOTHER D.O.			
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS			
2.39				
TOTAL INCREASES IN ACCOUNTABILITY		8,000.00		
2.9	SUBTOTAL		18,000.00	
3.0				
DECREASES IN ACCOUNTABILITY				
4.0		7,500.00		
4.1	NET DISBURSEMENTS	3,000.00		
4.2	DEPOSITS PRESENTED OR MAILED TO BANK			
4.3	OTHER TRANSACTIONS			
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS			
4.36	PAYMENTS FOR ANOTHER D.O.			
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS			
4.39				
TOTAL DECREASES IN ACCOUNTABILITY		10,500.00		
4.9	TOTAL ACCOUNTABILITY CLOSE OF PERIOD		7,500.00	
5.00				
PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY				
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY			
	(Name and location of depositary)			
6.2	CASH ON HAND		7,000.00	
6.3	CASH - UNDEPOSITED COLLECTIONS			
6.4			500.00	
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS			
6.6				
6.7				
6.8				
6.9				
7.1	DEFERRED CHARGES - VOUCHERED ITEMS			
7.2	RECEIVABLES - CHECK OVERDRAFTS			
7.3	LOSSES OF FUNDS			
7.4	RECEIVABLES - DISHONORED CHECKS			
7.5				
7.6				
7.7				
7.8				
7.9	TOTAL OF MY ACCOUNTABILITY		7,500.00	
8.0				
PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY				
9.2	RECEIVABLES - CHECK OVERDRAFTS			
9.3	LOSSES OF FUNDS			
9.4	OTHER ACCOUNTABILITY			
TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		0.00		
10.0			7,500.00	
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)			
I have received on 30 NOV XX by transfer from LT James L. Richards, SC, USN, \$7,500.00, an analysis of which is included in Sections I-B and I-C above.				
John A. Hancock, LTJG, SC, USN				
I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.				
NAME AND TELEPHONE NUMBER OF CONTACT J. A. HANCOCK COM. (619)952-2222 DSN 496-2222		SIGNATURE AND TITLE OF CERTIFIER J. L. RICHARDS		DATE 30NOVXX
NSN 7540-00-634-4245		(OVER)		PREVIOUS EDITION NOT USABLE 1219-106

Figure 2-3. Sample SF 1219, Statement of Accountability (Final Upon Relief)

SECTION II - SUMMARY BY SYMBOL OF CHECK AND DEPOSIT TRANSACTIONS WITH U.S. TREASURY						
PART A - CHECKS ISSUED AND ADJUSTMENTS FOR PRIOR PERIODS *						
CHECK SYMBOL	AMOUNT OF CHECKS ISSUED THIS PERIOD	ADJUSTMENTS FOR PRIOR MONTH'S ISSUES ( + or - )				TOTAL CHECKS ISSUED + (Columns 2 + 3 and + 4)
		BY TFS FORM 5206		OTHER		
		ISSUE (Month and year)	AMOUNT	ISSUE (Month and year)	AMOUNT	
(1)	(2)	(3)		(4)		(5)
	TC 210		TC 211		TC 212	
5219	8,000.00					8,000.00
TOTALS!						
PART B. - SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK (Line 4.2)						
DEPOSIT SYMBOL	DEPOSITS PRESENTED OR MAILED TO BANK THIS MONTH	DEPOSITS PRESENTED OR MAILED TO BANK IN PRIOR MONTHS BUT RECORDED IN ACCOUNTS THIS MONTH		TOTAL DEPOSITS PRESENTED OR MAILED TO BANK ^ (Column 2 + 4)		
		MONTH PRESENTED OR MAILED TO BANK	AMOUNT			
(1)	(2)	(3)	(4)	(5)		
	TC 420		TC 420			
5219	3000.00			3,000.00		
TOTALS!						

\* The totals reported in these columns must be in agreement with the corresponding amounts reported on the SF 1179.  
+ The total reported in this column must be in agreement with the total shown on Line 2.1 on the face of this statement.  
! For use only if more than one (1) symbol is listed.  
^ The total reported in this column must be in agreement with the total shown on Line 4.2 on the face of this statement.

Figure 2-3. Sample SF 1219, Statement of Accountability (Reverse)

1. NAME (Type or print) Ernest C. Banks	2. PAY GRADE Capt	3. DATE 22 Apr XX
4. OFFICIAL ADDRESS Lowry AFB, CO 80239-5000		
5. SIGNATURE		
6. TYPE OF DOCUMENT OR PURPOSE FOR WHICH AUTHORIZED DD Form 114, Military Pay Order		
THE ABOVE IS THE SIGNATURE OF THE AUTHORIZED INDIVIDUAL		
7. NAME AND GRADE OF COMMANDING OFFICER (Type or print) Ralph E. Kiner, Col, USAF		8. PAY GRADE
9. SIGNATURE OF COMMANDING OFFICER		

DD Form 577, MAY 88

*Previous edition may  
be used until exhausted.*

SIGNATURE CARD

Figure 2-4. Sample DD Form 577, Signature Card

## CHAPTER 03

KEEPING AND SAFEGUARDING PUBLIC FUNDS0301 CASH OPERATIONS030101. Appropriated Funds

A. Deposit Funds. Amounts appropriated by the Congress are held in an expenditure account by the Treasury subject to disbursement by DOs of the United States. Disbursements may be made by Electronic Funds Transfer (EFT), Treasury check, or cash. Cash funds are obtained by DOs as described in chapter 07 of this Volume. Every disbursing office authorized to make disbursements is identified by a DSSN. Each disbursement of funds is charged by the Treasury to the DSSN making the disbursement. DOs outside the United States are authorized to maintain official checking accounts with banks designated by the Secretary of the Treasury in accordance with regulations outlined in chapter 14 of this Volume. These special accounts outside the United States denominated in local or third country currencies and are known as limited depositary accounts (LDAs).

B. Cash Funds. When it is necessary to make all or some disbursements in cash, upon approval of the commander or other authority, DOs are authorized to maintain on hand, at their own personal risk, currency and coin required for official disbursements and accommodation transactions.

C. Selection of Payment Method. Subject to the policies outlined in this Volume, payments may be made by EFT, check, or cash. In the United States, EFT is the preferred method of payment and shall be utilized to the maximum extent possible. Treasury checks (rather than cash) are the preferred method of payment when use of EFT is not practical.

030102. Cash Held at Personal Risk. Funds that qualify as cash held at personal risk include U.S. currency and coin on hand; foreign currency and coin on hand; imprest funds; change funds; and cash on deposit in an LDA. Cash held at personal risk is for making miscellaneous cash payments, making change, conducting accommo-

dation exchanges, and other specifically authorized transactions.

\*030103. Approving Authority. Service commanders of DOs, deputies, agents, and cashiers within their commands are the approving authority for granting requests to hold cash funds at personal risk. The DFAS Center Directors of DOs, deputies, agents, and cashiers within their organizational structure, to include defense accounting officers (DAOs), are the approving authority for granting requests to hold cash at personal risk. Cash on hand must be kept to the minimum necessary to meet normal requirements. To ensure that good cash management procedures are in effect within DoD, the approving authority shall review each request to ensure that it is in line with the total non-payroll requirements.

030104. Requests for Approval. Each DO shall request authority to hold cash at personal risk from the approving authority. Scheduled payday cash requirements, including the amount required to cash payday paychecks, shall not be included in the request. The approving authority is responsible for ensuring the amount of the request is within the guidelines set forth below and that management controls exist to ensure that routine reviews of cash requirements are being conducted. A new request to hold cash at personal risk shall be submitted semiannually (or whenever a review of cash requirements will result in a major change), allowing sufficient approval time for the cash authority to become effective on October 1 and April 1 of each fiscal year. Requests to hold cash at personal risk shall be made in writing and shall include the name, title, and duty station of the accountable requestor; a description of the payments and transactions requiring the use of cash; a statement attesting that adequate facilities are available to safeguard the cash; and a breakdown of where the cash will be held by accountable position. For emergency and extraordinary expense funds security concerns may require omission of the duty station, description of payments, location of facility, or other information that may compromise classified information. However, this



information shall be kept on file and available for review by cleared personnel. The request shall include not only the amount to be held by the DO but shall also include the amounts to be held by all deputies, agents, and cashiers. Approval of all requests shall be indicated by an appropriate endorsement and the original request shall be returned to the DO for retention.

#### 030105. Determining Cash Requirements

★ A. General. In considering their cash requirements for disbursing and accommodation transactions, DOs shall consider daily cash collections over a representative period of time and average the results. If daily cash collections exceed disbursement and accommodation needs, no further computation is necessary. Otherwise, compute the cash requirements according to source and availability as shown in table 3-1. The portion of the DO's request to hold foreign currency at personal risk may be stated in foreign currency units to preclude temporary increases due to extreme currency fluctuations. The following types of disbursements which are authorized and/or required should be considered in determining the minimum cash/negotiable instruments a DO must hold at personal risk to meet normal daily cash transaction requirements:

1. Routine cash payments.
2. Emergency cash payments, e.g., emergency leave, etc.
3. Commercial contract travelers checks for 'frequent traveler' travel advances.
4. Cash travel advances for non-frequent temporary duty travelers and permanent change of station travelers.
5. Foreign currency requirements for accommodation exchanges.
6. Requirements for personal check cashing accommodation transactions. (See chapter 4.)
7. Change and imprest fund requirements.

8. Remote/satellite deputy disbursing officers and agents.

B. Special Circumstances. When special circumstances require DOs to increase their cash holdings beyond the amounts set forth above, the circumstances and duration of the expected need for increased cash shall be detailed in the request for approval to increase cash held at personal risk. The approving authority may authorize holding amounts temporarily in excess of the limits described above based on the circumstances provided. If the circumstances are more than temporary (over 30 days) or are expected to become permanent, the DO shall recompute the cash requirements based on the addition or deletion of anticipated services and requirements and submit a new request for approval.

C. Cash Collections. Coin and currency received as cash collections may be held for operating cash requirements up to the amount authorized to be held at personal risk. Cash collections that increase cash on hand above the authorized limit shall be deposited immediately.

030106. Payroll Cash. Payroll cash is the cash required to meet mid-month, end-of-month, or special payday requirements. DOs can forecast these requirements using historical data and current personnel assigned figures. It should be ordered and withdrawn from the institution or activity providing cash as close to the actual payday as practical. Any excess amount drawn that results in the DO exceeding the authorized limit for cash held at personal risk should be deposited no later than the next business day following payday.

#### 030107. Obtaining Cash Funds for Disbursing Purposes

A. Procurement by Exchange-for-Cash Checks. DOs are authorized to draw exchange-for-cash checks as described in chapter 07 of this Volume for procurement of cash necessary to meet authorized requirements. Funds can be obtained from other DOs, an FRB, FRB branch, or any commercial bank willing to provide the service. If the DO is unable to go to the bank to take possession of the funds due to excessive workload or location, arrangements can be made

with the FRB or bank to ship the funds by registered mail or armored car. The commander shall approve and fund, as required, this type of delivery.

B. Notification to the Bank. As required, DOs shall provide the bank with advance notice of their cash requirements. At the time of notification the DO should ascertain and provide any other additional requirements of the financial institution such as date currency required; identification required; denominations required; fees charged; and any policies or procedures peculiar to the particular institution (i.e., letter of introduction, immediate credit, etc.).

C. Immediate Credit Procedures

1. Requirement. A limited number of banks have negotiated agreements with the Treasury that permit the bank to receive immediate credit when cashing an exchange-for-cash check for DOs to obtain payroll cash (referred to as military payroll check by the Treasury). DOs who obtain their payroll cash from one of the banks so designated shall notify the Treasury by Telecopy-FAX or by message or telegram addressed to: U.S. Treasury Department, Financial Management Service, General Ledger Branch, (ATTN:MTAS), Washington, DC. There are two Telecopy-FAX lines available for this purpose: Line 1/Burroughs-Dex 3600 (Panafax), (202) 566-3020; Line 2/Xerox-Telecopier 200, (202) 633-7728.

2. Notification. Notification should arrive at the Treasury at least 2 days before the transaction is to take place and should include the name and location of the disbursing office; the name and address of the bank; the amount of the check; the date the check will be presented to the bank (shall be same day cash is picked up); a statement that the bank will be requesting immediate credit; and the disbursing office point of contact and commercial telephone number. Do not use DSN numbers. If an error is detected, a correction shall be transmitted immediately. In the event that the check is not exchanged for cash, the DO shall notify the Treasury immediately.

D. Protection of Currency in Transit

★ 1. Notification to Commander. When a DO or any other person leaves the disbursing activity with official cash funds in excess of \$10,000, or for the purpose of picking up official cash funds in excess of \$10,000, the installation commander and the security police shall be notified. Such notice may be made through the command duty officer or other duty officer by reporting the time of departure, destination, estimated time of return, amount, and the source or disposition of the cash funds, as appropriate, for entry in the ship or station log.

2. Transporting Cash. Cash shall be secured at all times. Safeguarding of such funds is a command responsibility. Specifically, the responsibility for providing security rests with the commander of the activity who requested such funds be made available. In this regard, the decision of whether or not to have an armed escort, how many, or the type of transportation to be used is all part of the command's responsibility. The command should consider such things as amount of funds to be protected, the distance and terrain to be covered, type of transportation available, and local security forces which may be called upon.

3. Liability. The deputy, agent, or cashier who has signed for the funds is peculiarly liable for such funds until their return to the DO. If a deputy, agent, or cashier feels that adequate security has not been provided by the command, then the agent may refuse to disburse such funds and return the funds to the DO.

E. Verification of Money. The DO shall verify all cash received prior to acceptance. Non-sealed money shall be verified by actual count prior to acceptance or immediately upon receipt of shipment. Sealed new money bricks (presented with the FRB's packaging intact) can be verified by bundle count at the DO's risk. When the bundle is needed, the bundle should be verified immediately upon opening with individuals standing by to witness both the breaking of the seal and the count verification. Discrepancies shall be reported immediately by issuing a claim to the Treasury via the bank from which the money was obtained. Claims shall identify the bundle/brick in question and include a signed statement from the witnesses.

The Treasury does not normally approve these claims. If the claim is not approved, normal request for relief procedures apply. Receipts by shipment shall be accepted and verified in front of the witnesses immediately upon receipt in accordance with the above procedures, depending upon how the money is packaged.

F. Expenses. Bank charges and shipping costs that may be incurred when procuring U.S. currency shall be charged to the operation and maintenance funds of the disbursing activity.

G. Registered Mail Shipments of Currency. This method of obtaining funds is highly discouraged. If no other sources of cash are available and cash must be obtained using this method, it shall be accomplished by sending an exchange-for-cash check to an FRB via registered mail. Also, the DO shall make arrangements with the FRB to pay the registered mail costs. As provided in the previous subparagraph, costs incurred in procuring U.S. currency shall be charged to the operation and maintenance funds of the disbursing activity. Upon notification that the shipment has been made, the DO shall take action to alert the shipper to trace the funds if they have not been received within a reasonable period of time; maintain a copy of the exchange-for-cash check and report the check as funds in transit on the SF 1219 until the cash is received from the FRB; and if the cash or any portion of the order is not received in a reasonable time, initiate diligent action as described in chapter 05 of this Volume.

H. Obtaining Cash by Transfer from Officer Relieved. The obtaining of cash funds by transfer from another DO without the issuance of an exchange-for-cash check is authorized only upon the relief of a DO and only from the DO being relieved.

## 0302 CASH REVIEW REQUIREMENTS

### 030201. Quarterly Cash Verification

★ A. Purpose. The quarterly cash verification is the physical count of the cash, negotiable instruments, and other assets that comprise a DO's total accountability (including cash, negotiable instruments, and other assets in the custody of all deputies and agents). It is a

management control that, along with other controls, can be used to gauge the overall health of a disbursing operation. It is not meant to alleviate management's responsibility to direct and monitor all facets of a disbursing operation.

B. Appointing the Cash Verification Team. The verification shall be conducted by a team of disinterested persons appointed by the commander. The appointment shall be made in writing and include at least two qualified personnel. At least one of the personnel must have either accounting or disbursing experience. It is in a command's best interest to use the most competent personnel available. In the case where the DO is also the commander, the next higher commander in the administrative chain of command shall appoint the team. At small or remote locations, it may be desirable to limit the team to one member or have members appointed and provided from serviced or associated commands. Cash verification team members shall not be in the DO's chain of command. If possible, one member should be equal or senior in rank to the accountable individual. For imprest and change funds, especially those held at installations or activities other than the installation or activity of the DO, the commander who authorized the establishment of the fund and appointed the imprest fund cashier or change fund custodian is responsible for appointing the cash verification team. As stated above, verification team members may be appointed and provided from serviced or associated commands. In all cases, the appointing commander shall require the cash verification team (or individual) to perform a verification of all funds held by deputies, branch office cashiers, disbursing agents, paying agents, collection agents, imprest fund cashiers, or change fund custodians, at least once each quarter. Cleared personnel will be appointed for the verification of emergency and extraordinary expense funds.

C. Cash Verification Procedures. Except as modified by this paragraph, the requirements of this Volume shall be met by the cash verification team in conducting cash verifications. When desired by the commander appointing verifying officials, the DO shall conduct training for the verifying officials and/or provide written instructions with check-off lists. The specific procedures for conducting the verification are contained in appendix A. The

team and the commander are jointly responsible to ensure that the verification is conducted randomly throughout a quarter. Verifications that are continuously held at or near the end of a quarter are counter productive. The quarterly cash verification may be omitted for any quarter in which a cash verification is made by representatives of an area audit office, a disbursing on-site examination team, or transfer of accountability has occurred.

#### D. Report of Verification

★ 1. General. A written report of the results of each verification shall be made to the commander and a copy of the report provided to the DO. If funds are found to be in excess of that authorized to be held at personal risk in accordance with paragraph 030105 of this chapter, the report shall be expanded to so state. Any shortage or overage in the DO's accountability shall be reported as prescribed in chapter 06 of this Volume. The verifying official(s) shall make an entry on the face of the DO's daily statement of accountability, setting forth the result of the verification in substance as follows:

"On (date) at (time), the undersigned verified by actual count, cash in the amount of \$          , together with all documents supporting collections and disbursements, which (is)/(is not) in agreement with this daily statement of accountability.

\_\_\_\_\_  
Signature and Rank of Verifying Official"

2. Limitations. Each report to the commander shall begin with the statement: "The quarterly cash verification is meant only to verify that cash and other assets for which the DO is accountable agrees with the total accountability amount recorded as on-hand on the DO's daily statement of accountability. It does not certify the overall health of a disbursing office. Strong management controls exercised by the appropriate members within the chain of command are mandatory and necessary to prevent and preclude major loss or fraud."

#### 0303 SAFEGUARDING FUNDS AND RELATED DOCUMENTS

030301. General. This section sets forth the responsibilities of commanders and DOs for safeguarding public funds and the related instruments and documents. Its provisions are equally applicable to deputies, agents, cashiers, and other custodians of public funds. DOs should hold the number of accountable positions that require the storing of public funds to a minimum. The most secure container that is available (vault, safe, etc.) to a DO shall first be used for safeguarding currency; undelivered checks and bonds; negotiable instruments; public vouchers; storing of blank U.S. Treasury checks, limited depositary checks, and U.S. savings bonds; signature plates; safekeeping of valuables; and other records in that order. The command security program should be written to take into account the maximum amount of each of these items that would normally be on hand at any given time. Public funds and documents shall not be stored in the same containers as classified material and documents.

#### 030302. Responsibilities

A. Commander. The commander is responsible for:

★ 1. Ensuring that every individual entrusted with public funds is provided a vault, safe or other adequate secure facility (e.g., a strong box) for exclusive use and accessible only to that individual. If it is not possible to provide separate safes, separate locked compartments in one safe or strong boxes stored in one safe or vault shall be provided. Public funds shall not be entrusted to two or more individuals. Public funds shall never be merged with any other funds.

2. Developing a security program and promulgating the program in the form of a command instruction or notice. The program shall provide adequate protection for the maximum amount of public funds and related documents and instruments that will be on hand at any given time.

3. Ensuring that personnel protection is included in the overall disbursing security program. The program shall include requirements for periodic review of the adequacy of the security measures being used and for

testing security equipment for proper operation on a semiannual basis.

4. As required, ensuring armed guards are made available for escort of government funds to and from the disbursing office when funds are being transported.

5. Providing fire protection of government facilities and funds.

B. Disbursing Officer. The DO is responsible for properly safeguarding all government funds with which entrusted and is held pecuniarily liable for the loss of such funds. When DOs, deputies, agents, cashiers, and/or custodians have custody of government funds, each shall be provided with a separate secure container as described above. Although any of the appointed or assigned personnel are liable for any losses of government funds in their custody, the DO also continues to hold overall responsibility and is jointly (or even singularly) liable for any losses associated with these personnel. For this reason, DOs shall make sure that all deputies, agents, cashiers, imprest fund cashiers, and other custodians are fully aware of their responsibilities for properly handling and protecting government funds. At least semiannually, the DO or designee shall make a personal inspection (and maintain a record of such inspections) of office security measures to ensure that:

1. Vaults and safes are not accessible to unauthorized persons. Access to vaults may be limited by vault day gates to which only authorized personnel have the keys.

2. Cash in excess of the amount required and authorized for official purposes is deposited promptly.

3. Windows and doors are limited and barred and/or locked at all times after business hours.

4. Access to the working area is conspicuously marked "AUTHORIZED PERSONNEL ONLY." Transactions should be conducted from a cage, room, or counter enclosure, constructed in a manner which will provide a physical barrier to normal traffic and a minimum of interference by other activities and personnel of the office.

5. Security devices for the check signing machines, meters, and plates are kept in the custody of the DO or authorized deputy at all times.

6. Internal office procedures are established to provide adequate controls on all undelivered and returned checks. Responsibility for receipt, holding, and final distribution of checks shall be assigned in writing.

7. The commander is advised of any security shortfalls or breaches.

8. The servicing DFAS Center is informed of any request for adequate safeguarding facilities that has been denied.

9. Written and oral instructions are provided to all deputies, agents, cashiers, and custodians regarding the proper care and handling of cash and other accountable documents. The DO is advised to maintain an affidavit from each accountable individual attesting to receipt of such instructions.

10. All cash, blank U.S. Treasury checks, blank U.S. savings bonds, blank depositary checks, and related items to which this section refers are kept in a vault, safe or security container that meets the minimum security standards prescribed in this section.

11. All fund containers aboard ships and fund containers ashore that are either on rollers or weigh less than 750 pounds are stored in a vault or secured in such a way as to prevent movement.

12. If the vault, safe, or container is visible to the exterior of the office where security patrols pass, the container is illuminated. This requirement is mandatory in all cases aboard ships.

★ 13. The combination of all vaults, safes, and fund containers is changed at least once every 6 months and upon relief, transfer, separation, or discharge of the accountable individual. Except for vaults containing only bulk stock of blank checks and bonds or several safes or strong boxes (wherein funds are stored) stored inside the vault, the responsible individual shall not divulge the combination or key to

anyone. At the discretion of the DO, the combination of each safe and duplicate key of each strong box may be placed in a sealed, signed, and dated envelope. The envelope shall be sealed and signed by the accountable individual in such a manner that unauthorized opening of the envelope can be detected. The sealed envelopes of all accountable individuals other than the DO shall be kept in the DO's safe. The sealed envelope containing the combination and/or keys to the DO's safe or vault shall be delivered to the commander, security officer, or other designated official for retention. The combination or key sealed in the envelope shall be used only in the event of an emergency which requires opening of the safe or vault. Refer to chapter 02 of this Volume for emergency procedures.

14. A record of combination changes is kept inside each vault, safe, or container. The record shall be dated and signed by the accountable individual.

15. The dial to the vault, safe, or container is concealed by a shield made of cardboard or other suitable material to limit the possibility of the combination being observed.

★ 16. The name and phone number of the accountable individual is posted on the inside of the vault, safe, or container. DOs may use an SF 700, Security Container Information, SF 701, Activity Security Checklist, or SF 702, Security Container Check Sheet, as appropriate, to assist in the control and proper safeguarding of public funds and the vaults, safes, and/or containers. Alternatively, a unique container number along with a 24-hour duty number may be posted on the outside of the vault, safe, or container provided the duty personnel have access to the accountable individual.

17. Keys to the work space or disbursing office are strictly controlled. A record shall be maintained that identifies who has keys, when they were issued, and when they were surrendered.

18. All security equipment is tested at least every 6 months for proper operation and a record of the tests maintained.

C. Other Custodians of Public Funds.

Protective action shall be taken by all custodians (including alternate custodians) entrusted with public funds.

030303. Intrusion Detection Systems (IDS)

A. General. An Intrusion Detection System (IDS) is a vital part of any protection system designed to provide in-depth protection for a resource or other important area. The DoD supports a policy on the use of IDS for resource protection purposes. The first consideration shall be given to components of the DoD Joint-Services Interior Intrusion Detection System (J-SIIDS). In certain special cases, components of the Base and Installation Security System (BISS) (generally used for security applications) may also be available for resource protection requirements.

B. Alarms. Alarms should be considered for use to deter entry to the general disbursing area or to the actual storage container. There are three levels of alarm protection: penetration; motion; and point detection. In-depth protection can best be achieved by equipping an area with a minimum of two levels of detection capability. The existence of alarms should be well publicized to gain the full benefit of psychological deterrence, and should be identified by conspicuous warnings.

C. Maintenance. To ensure the alarm system operates properly, the installation shall have an effective maintenance program and shall test the system regularly. The alarm system shall be protected against bypassing and spoofing following DoD requirements.

D. Alarm Monitor's Responsibilities. Alarm monitors shall be trained to understand the systems they are monitoring to include operation and basic fault isolation. They shall work closely with the security police and unit personnel and act as a liaison in this special role.

030304. Storage Container Requirements

A. Currency and Negotiable Instruments. The following subparagraphs prescribe

the minimum requirements for storage of currency and negotiable instruments. DoD Component security and resource protection programs should ensure compliance with these minimum requirements. Previously approved storage containers currently in use may continue to be used.

1. Under \$7,500. The commander shall establish fund container requirements. Any of the security containers or burglary resistant safes listed in paragraph 030305 of this section may be used. Additionally, the Naval Sea Systems Command may designate specific containers which may be used on board Navy ships.

2. \$7,500 - \$50,000. A security container that carries a Class 1 or Class 5 rating or a burglary resistant safe carrying at least an Underwriters' Laboratories' classification of Tool-Resistant Safe, TL-15, and having a Group 1R combination lock, should be used.

3. \$50,000 - or more. A burglary resistant safe or vault carrying at least an Underwriters' Laboratories' classification of Tool-Resistant Safe, TL-30, and having a Group 1R combination lock, should be used.

★ B. Other Than Currency and Negotiable Instruments. Blank checks and bonds, signature plates, paid vouchers representing cash, other disbursing records and documents, and personal valuables as defined in paragraph 270102 held for safekeeping shall be stored in a security container carrying at least a Class 1 or Class 5 rating or a burglary resistant safe or vault. Additionally, the Naval Sea Systems Command may designate specific containers which may be used on board Navy ships.

#### 030305. Categories of Storage Containers

A. Security Containers. General Services Administration approved security containers are manufactured under the following Federal specifications. The Class 1 and Class 5 cabinets have been rated to provide the greatest protection against forced entry.

1. Class 1 or Class 2 cabinet. AA-F-357 (GSA-FSS).

2. Class 4 or Class 5 cabinet. AA-F-358 (GSA-FSS).

3. Class 5 or Class 6 Map and Plan File. AA-F-363 (GSA-FSS) or Class 6 Drawer File - AA-F-358 (GSA-FSS).

B. Burglary Resistant Safes. Commercial burglary resistant safes are certified by Underwriters' Laboratories, according to the following classifications. These containers are designed to protect the contents against forced entry. The numerical value utilized in the classifications represents the time in minutes which the safe should resist forced entry. These safes provide a greater degree of protection than the General Services Administration rated security containers.

1. Tool-Resistant Safe - TL-15.

2. Tool-Resistant Safe - TL-30.

3. Torch and Tool-Resistant Safe - TRTL-30.

4. Torch and Tool-Resistant Safe - TRTL-60.

#### 0304 ADVANCING FUNDS TO AGENTS

##### 030401. Deputies, Agents, and Cashiers of the DO

A. Procedure. DOs may entrust funds for official use to the custody of their deputies, agents, and cashiers as prescribed in this section. All funds that are advanced to deputies, agents, and cashiers shall be documented by DD Form 1081. Funds may be provided by furnishing the deputies, agents, or cashiers with currency or by issuing exchange-for-cash checks, as required, payable to the deputy, agent or cashier. The DO shall instruct the individual to negotiate exchange-for-cash checks only as funds are needed, since an unnegotiated Treasury check does not represent an interest burden on the Treasury, and, accordingly, is not considered a part of the individual's (or the DO's) approved cash authority (even though the DO reports the unnegotiated check as "Funds with Agents" and the deputy, agent, or cashier reports the unnegotiated checks as "Cash on Hand"). Funds in the custody of deputies, agents, and



cashiers in the main disbursing office shall be reported on the SF 1219 as cash on hand and funds in the custody of deputies, agents, and cashiers outside the main disbursing office shall be reported on the SF 1219 as cash in the custody of Government cashiers. See figure 3-1 for an example of a properly executed DD Form 1081 showing an advance of funds to deputies, agents, or cashiers.

B. Limitation of Amount. Under normal conditions, the amount of funds advanced to a deputy, agent, or cashier shall not exceed their cash holding authority. However, during the authorized absence of the DO, on paydays, and at such other times as is required for efficient operation, funds may be entrusted to the custody of deputies, agents, or cashiers in such amounts as are required, provided the total amount held by the DO and the deputies, agents, and cashiers does not exceed the amount authorized to be held by the DO.

C. Custody. Each deputy, agent, or cashier shall store the funds entrusted to them in a safe or adequate container which is assigned exclusively for their use as specified in section 0303 of this chapter. The combination of the safe or container shall be known only to the deputy, agent, or cashier and may be placed in a sealed, signed, and dated envelope for retention in the DO's safe or vault. The combination of the safe or container shall be changed at least once every 6 months. If it becomes necessary, in the opinion of the commander, to gain access to the safe or container, it shall be opened and the contents verified following the procedures outlined in chapter 02 of this Volume.

★ D. Balancing. All deputies, agents, and cashiers entrusted with official funds shall balance the funds in their custody following the balancing requirements for DOs as outlined in chapter 19 of this Volume. The permanent record of balancing for deputies, agents, and cashiers shall always be kept on the DD Form 2665, Daily Agent Accountability Summary. The DO shall instruct the deputy, agent, or cashier with respect to the frequency of balancing and submission of DD Form 1081 as a summary of cash transactions and receipt for cash and vouchers on hand. In any event, DD Form 1081 turn-ins shall be made not less frequently than once each month. When it is known that a deputy,

agent, or cashier will be absent in excess of 5 workdays, all funds and accountable documents in the deputy's, agent's, or cashier's custody shall be returned to the DO with properly executed DD Forms 2665 and 1081 prior to departure. Any shortage or overage of funds shall be reported immediately as prescribed in chapter 06 of this Volume. See figure 3-2 for an example of a properly executed DD Form 1081 showing return of funds and/or vouchers to the DO.

#### E. Collections and Disbursements

1. Deputies, Agents, and Cashiers in the Main Disbursing Office. All negotiable instruments, collection and disbursement vouchers, and other accountable documents shall be accounted for on DD Form 2665 and turned in to the DO daily with a covering DD Form 1081. Currency collected over and above the currency disbursed may be retained when authorized by the DO provided the total funds held are within the limitations specified above. The DD Form 1081 also serves as a new receipt for the funds which remain in the custody of the deputy, agent, or cashier. When additional funds are required, due to disbursements greater than collections or other authorized transactions, the DO may replenish the funds in the net amount of acceptable vouchers and negotiable instruments delivered with the DD Forms 2665 and 1081. The DO shall prepare a new DD Form 1081 for the amount of funds advanced. DD Form 1081 shall be prepared as described in chapter 19 of this Volume.

2. Deputies, Agents, and Cashiers at Branch Disbursing Offices. When deputies, agents, and cashiers are performing duties in branch offices located at such distances from the main disbursing office that reporting of transactions in person is considered impracticable, the DO may authorize transmittal of the transactions by mail or messenger, accounted for on DD Form 2665 with a covering DD Form 1081. The original DD Form 1081, signed by the deputy, agent, or cashier and duplicate of the report shall be forwarded with the DD Form 2665 and substantiating vouchers, negotiable instruments, and documents to the DO who, after examination and acceptance, shall acknowledge receipt on the duplicate copy of the DD Form 1081 and return the duplicate to the deputy, agent, or cashier. Replenishment of funds



may be accomplished by furnishing the deputies, agents, or cashiers with currency or by issuing exchange-for-cash checks payable to the deputy, agent, or cashier and a new DD Form 1081 as provided in the previous subparagraph. DD Form 1081 shall be prepared as described in chapter 19 of this Volume.

3. Deputies, Agents, and Cashiers Under Other Commands. Deputies, agents, or cashiers who are not under the same command as the DO, such as the investigative service, investigative support center, intelligence command, and U.S. Defense Attache Offices, shall deposit negotiable instruments whenever possible. Deposit tickets, collection and disbursement vouchers, and other accountable documents shall be transmitted by mail or messenger, accounted for on DD Form 2665 with a covering DD Form 1081. The DD Form 1081 shall be prepared as described in chapter 19 of this Volume, except that, on the determination of the DO, the volume of transactions may be so few as to permit the submission of a single DD Form 1081 for each month.

4. Deputies, Agents, and Cashiers Aboard Navy Vessels. Deputies, agents, and cashiers aboard Navy vessels shall account for all negotiable instruments, collection and disbursement vouchers, and other accountable documents (including documents prepared in conjunction with the Automated Teller Machine System, if installed on the vessel) using the DD Forms 2665 and 1081 as prescribed in the preceding subparagraphs. However, turn-in shall be accomplished NOT less frequently than: once each week; immediately before and after each payday; the last day of each month; and, at any other time when the DO suspects that an irregularity has occurred. Whenever workload and staffing conditions permit, DOs aboard Navy vessels are encouraged to require all deputies, agents, and cashiers to turn in vouchers and negotiable instruments more frequently than the standards prescribed by this subparagraph.

F. Records. All transactions by other than the DO shall be identified by name of the paying deputy, agent, or cashier. The method used to accomplish the identification shall be as determined by the DO. Negotiable instruments cashed by other than the DO shall be identified as prescribed in chapter 04 of this Volume.

030402. Paying Agents. Funds entrusted to authorized paying agents for the purpose of making specific payments, currency conversions, or check-cashing transactions shall be documented with a DD Form 1081. The amount of the advance shall not exceed the amount required for the specific payments, check cashing, or currency conversions to be made by the paying agent. The DO shall furnish written instructions to the paying agent to ensure that all pertinent disbursing procedures are properly observed by the paying agent, including requirements for the safeguarding of funds; identification of payees; signature of payees; required vouchers, documents, and certifications; and the return of funds and vouchers. Funds advanced to the paying agent shall neither be commingled with any other funds nor advanced to any other person. Normally, the paying agent shall not retain advanced funds overnight. Promptly upon completion of authorized payments, the paid vouchers, negotiable instruments, and any balance of funds shall be returned to the DO with a properly completed DD Form 1081. When circumstances require retention of funds overnight by the paying agent, the custody requirements in section 0303 of this chapter shall be followed, and the paid vouchers, negotiable instruments, and balance of funds shall be returned as soon as possible after completion of the authorized payments, normally within 24 hours. The DO shall notify his or her commander and the commander of the paying agent if the paying agent fails to make prompt return of paid vouchers, negotiable instruments, and funds or if loss of funds or vouchers occurs.

030403. Imprest Fund Cashiers

A. Authority. The DO serving the base, camp, post, station, installation, activity or ship is authorized to advance official funds not to exceed the \$10,000 limitation and authorization as prescribed in chapter 02 of this Volume. When an imprest fund is initially established, the DO shall make the advance of funds only after receiving a copy of the authorization to establish the fund from the commander or designee. When the commander or designee authorizes an increase in the amount of an existing imprest fund, the DO shall make the additional advance in order to bring the amount of the fund up to the newly established level only after receiving

a copy of the authorization to increase the amount of the fund.

B. Form of Advance of Funds. The advance shall be made by cash or by check payable to the order of the imprest fund cashier. If desired by the imprest fund cashier, a series of checks in the desired denominations (round figures or specific amounts) may be issued. The DO shall prepare a DD Form 1081 for the amount of funds advanced and the original shall be signed and returned to the DO by the imprest fund cashier. All DD Forms 1081 for imprest fund advances shall include a statement that the imprest fund cashier will immediately inform the DO who advanced the funds of any loss of or shortage.

C. Accounting. All imprest fund advances shall be reported on the SF 1219 as cash in the custody of Government cashiers.

D. Reimbursement and Liquidation. The amount of the imprest fund shall remain constant at all times. The imprest fund cashier shall prepare and submit an OF 1129, Cashier Reimbursement Voucher and/or Accountability Report to the DO as often as necessary but not less frequently than once per month for replenishment of the fund. The DO shall reimburse the imprest fund cashier for the amounts expended and properly documented as prescribed in chapter 02 of this Volume. Upon reduction in the authorized amount of the imprest fund, funds may be transmitted to the DO by money order(s). The cost of the money order(s) shall be deducted from the amount transmitted and accounted for as prescribed in chapter 02 of this Volume. The imprest fund cashier shall prepare a DD Form 1081 to document the return of the funds. The DO shall sign the duplicate of the DD Form 1081 and return it to the imprest fund cashier. Upon relief of the imprest fund cashier or upon the disestablishment of the fund for any reason, all unreimbursed transactions shall be accounted for on an OF 1129. Immediately upon reimbursement for the final OF 1129, the imprest fund cashier shall prepare a DD Form 1081 and return the total amount of the imprest fund to the DO. When the imprest fund advance is fully accounted for, the DO shall sign the duplicate copy of the DD Form 1081 and return it to the imprest fund cashier. Upon relief of the DO, the DD Form 1081 receipting the amount held by the

imprest fund cashier in the imprest fund shall be transferred to the relieving DO.

E. Shortage or Overage of Imprest Fund. In the event of a shortage or overage in an imprest fund, action shall be taken as prescribed in chapter 06 of this Volume.

★030404: Establishing Change Funds

★ A. Authorization. When the efficient and economical operation of a Government laundry, clothing sales store, or other appropriated fund activity (other than a Defense Commissary Agency (DeCA) commissary) engaged in selling property or services requires cash for making change, the officer in charge of the activity shall request the commander to establish a change fund. After approval, the commander (or designee) shall appoint a change fund custodian and the appointment document shall specify the amount of funds to be advanced by the DO or an agent of the DO to the custodian. The DO (or an agent of the DO) providing disbursing service to the installation or activity where the sales activity is located shall provide the authorized change fund advance and record the advance in his or her accountability as cash in the custody of Government cashiers. This requirement applies whether the sales activity deposits the proceeds of sales to the DSSN of the local DO or to the DSSN of a regional DO. For DeCA commissaries, the change fund for each commissary store is authorized by the Director, DeCA. Except in specific overseas areas, DeCA commissary change funds are provided by the DFAS Columbus Center. In all cases, these change funds are issued by U.S. Treasury check using a SF 1034 charging the DeCA Resale Account and ARE NOT carried in the issuing DO's accountability as cash in the custody of Government cashiers.

★ B. Fund Limit. The amount of the change fund shall not exceed \$250 for each cash register machine operated in the activity. When a cash register has more than one drawer, each drawer may be considered as a register. The commander may authorize additional amounts as indicated below. These increases shall be consistent with good cash management principles. Upon approval of the commander, cash may be advanced to authorized collecting agents for making change.

★ C. Fund Increases

1. The commander may authorize an additional \$50 for each cash register and an amount not to exceed \$500 for each accountable medical services custodian.

2. When extended operating hours exist (for example, Sunday opening), the commander may approve an additional amount of up to \$50 per cash register when there is limited or no banking support.

★ D. Documentation. For all change fund advances other than DeCA commissaries, the DD Form 1081 shall be prepared by the DO or agent, as applicable, and the original signed and returned to the DO or agent by the change fund custodians for the amount of funds advanced. All DD Forms 1081 for change fund advances shall include a statement that the change fund custodian will immediately inform the officer who advanced the funds of any loss of or shortage in the funds. Change fund custodians shall be provided written instructions covering their responsibility for safeguarding the funds at the time of receiving the advance. The funds shall be returned when the appointment as change fund custodian is terminated. The change fund custodian shall prepare a DD Form 1081 to document the return of the fund. The DO or agent shall acknowledge receipt of the fund by signature on the duplicate copy of the DD Form 1081 which shall be returned to the custodian. Change funds may also be recalled when it is necessary to verify the cash in the possession of the DO or agent, as applicable. On completion of such verification, the funds shall be advanced again to the change fund custodian. For DeCA commissaries, when a change fund is no longer necessary (e.g., closure of a commissary) the commissary officer shall prepare a DD Form 1131 with credit to the DeCA Resale Account and deposit the fund using a SF 215 in the same manner as the proceeds of sale are deposited.

0305 ADVANCING FUNDS TO FRIENDLY FOREIGN NATIONS030501. Authority

★ A. Basic Agreement. DOs of the DoD are authorized by 10 U.S.C. 2396(b) (reference (1))

to advance funds to cashiers, other DOs, or individual members of an armed force of a friendly foreign nation for the purpose of paying pay and allowances to those members or enabling that armed force to purchase necessary supplies and services. Funds shall be advanced by law and under a basic intergovernmental agreement that has been negotiated between the governments of the friendly foreign nation and the United States. Any agreement proposed to implement the statutory authority shall be negotiated in accordance with DoD Directive 5530.3 (reference (aa)), to include coordination with the cognizant Unified Commander and the U.S. Chief of Diplomatic Mission or U.S. Embassy. See model agreement at figure 3-3.

B. Supplemental Agreement. A supplemental agreement shall establish the following:

1. Type of personal identification that shall be shown by a DO or by an individual Service member when drawing an advance of funds.

2. Maximum amount that may be advanced to an individual Service member.

3. The lender nation shall be protected against loss due to fluctuating exchange rates.

4. The address of the respective settlement offices to whom the lender nation's DO shall forward receipts for fund advances with requests for reimbursement.

5. Settlements shall be made locally, whenever feasible, or when that is not feasible, between the signatory nation's representatives in Washington, DC, or other designated location.

6. Settlement may be made in cash, or by check, and in the type of currency used to make the advance. Whenever possible, settlement should be made in the lender nation's own medium of exchange.

7. Such other provisions that local conditions may make necessary.

C. Conditions. Funds shall be advanced only against the signed receipt of the DO or individual Service member receiving the advance for the following purposes and under the following conditions:

1. To a DO of an armed force of a friendly foreign nation on presentation of proper personal identification for paying pay and allowances of troops, or for purchase of necessary supplies and services, when the unit is serving in an area where personnel temporarily are unable to obtain funds from their own nation.

2. To individual members of an armed force of a friendly foreign nation, who are serving in an area where a DO of that force is not available to make payments because the personnel are: temporarily separated from their units; in need of funds; and able to identify themselves satisfactorily as members of an armed force of a friendly foreign nation with which an intergovernmental agreement for advances has been negotiated.

3. The receipt minimally shall contain: the name, rank, Service number, title, organization, and country of the individual who receives the advance; the purpose for which the advance is needed; the type and amount of currency advanced; the prevailing rate of exchange to one U.S. dollar at the time the advance is made, if applicable; and the name, rank, organization, and address of the DO making the advance.

#### ★0306 TRAVELERS CHECK PROGRAM

030601. Overview. This section prescribes policy, procedures, and assigns responsibility for ordering, receiving, controlling, safeguarding, disbursing, refunding, and accounting for travelers checks. Provisions of this chapter prevail where conflict or differences exist in the issuer's user's guide.

030602. Travelers Checks in Lieu of Cash. Travelers checks may be disbursed to employees and members as travel advances in lieu of cash travel advances. Commanders or their specifically designated representatives may disburse travelers checks to employees and members.

030603. Misuse of Travelers Checks. Immediate cashing or depositing of travelers checks into financial institutions should be discouraged. Employees and members should be advised to use travelers checks as intended, that is, for the purchase of goods and services while in a travel status. Commanders should use available media to advise and periodically reemphasize the intent of travelers checks to all employees and members.

030604. Appointment of Designated Representative. Each DoD Component activity participating in the travelers check program shall designate one or more individuals as the activity's travelers check representative(s). The individual(s) shall be appointed in writing as a cashier by the activity commander using the procedures described in paragraph 020603 of this Volume. The letter of appointment shall be issued in the original and two copies and shall include the specific duties and limitations, effective date, duration of the appointment, and the name of the individual being relieved, if any. The appointed individual(s) shall acknowledge appointment and acceptance of the position on the original and all copies of the letter of appointment and shall include the statement "I agree to hold myself accountable to the United States for all public funds received." If for any reason the individual ceases to serve in the position (i.e., termination of the program or change of cashiers), the appointment shall be terminated in writing. The original of letter of appointment or termination shall be delivered to the cashier, a copy shall be retained by the appointing commander, and a copy shall be furnished to Director, Procedures and Guidance Division, DFAS-KC/CBP, 1500 E. 95th Street, Kansas City, MO 64197-0001. Letters of appointment and/or termination shall be maintained in a permanent file at the activity to show the successive holders of each position and shall be retained for a period of not less than 6 months after the individual ceases to serve in the position.

#### 030605. Safeguarding and Controlling Travelers Checks

A. General. Travelers checks in the custody of the U.S. Government (i.e., the activity's designated cashier) are considered to be public funds and shall be safeguarded accordingly as prescribed in section 0303 of this chap-

ter. The individual appointed as cashier to maintain custody of, disburse to employees and members, and account for travelers checks shall be held pecuniarily liable under the same principles and procedures as DOs and their deputies, agents, and cashiers. However, travelers checks **SHALL NOT** be included in the DO's cash accountability or authority to hold cash at personal risk. Accordingly, the value of the travelers checks in the custody of the cashier shall not be included on the DO's DD Form 2657, Daily Statement of Accountability or SF 1219, Statement of Accountability.

B. Control Record. The receipt of shipments and records of disbursement of travelers checks shall be recorded either on DD Form 2667, Subsidiary Accountability Record or the automated inventory system provided by AMEX. The DD Form 2657 is easily adaptable for use as an inventory, receipt, and disbursement record. A separate DD Form 2667 shall be used for each denomination of travelers checks to enable recording the travelers checks by denomination in serial number sequence. Should travelers checks be maintained in more than one currency (i.e., U.S. dollars and one or more foreign currencies), separate DD Forms 2667 shall be used for each currency as well as each denomination of the checks. Travelers checks shall be disbursed in package and serial number sequence.

#### 030606. Establishing Accounts

A. New Accounts. The DoD Component activity initially establishes the travelers check program by contacting the Director of Travelers Cheque Sales and Services, American Express Travel Related Service, Inc., 1655 N. Fort Myer Dr., Suite 500, Arlington, VA 22209, telefax (703) 276-8455.

B. Automatic Reporting. AMEX will provide DoD Component activities with an automated personal computer software system and a point-of-sale (POS) terminal to manage and report travelers check sales, inventory, and settlement. The DoD Component activity must provide the personal computer, modem and telephone line for this system. This on-line system is known as Express Cheque. The Express Cheque system will fulfill the requirement to track, add, tally, and report travelers check sales.

C. Obtaining Travelers Checks. The designated DoD Component activity cashier authorizes issuance of the initial order of travelers checks. The cashier determines the amount of checks to be received as a standard order and makes any subsequent changes to this amount. Standard order travelers checks are packaged in a manner determined by AMEX. AMEX travelers checks are packaged in books of 10 checks per U.S. currency denomination of \$20, \$50, and \$100. Prepare an enrollment form (provided by AMEX) to obtain the initial order of travelers checks and forward it to the address shown in paragraph 030606.A above. If travelers checks are to be disbursed in other than U.S. currency, the cashier must provide this information to AMEX.

#### 030607. Receipt of Travelers Checks

A. Receipt. The cashier shall inventory and document receipt for each book of travelers checks and for single (loose) travelers checks received in shipment. The inventory shall include:

1. counting the number of books and/or loose checks,
2. verifying the denomination and serial numbers of all travelers checks in each shipment,
3. sorting the books or loose checks by denomination (and currency, if applicable).

B. Discrepancies. Contact AMEX immediately if travelers checks received in shipment do not coincide with the agreement or shipment forms. Do not disburse any travelers checks contained in a discrepant shipment until AMEX acknowledges and agrees in writing to correct or adjust the discrepancies.

030608. Reordering Travelers Checks. AMEX has two resupply options under the program: automatic and on request. DoD has chosen the automatic resupply option for all DoD Components. AMEX's automatic resupply system will monitor stock-on-hand based on sales data reported to them. Each cashier shall initially establish a "percentage of sales" limit or dollar limit (maximum level). This limit becomes the

automatic resupply level for the cashier. A minimum level ("trigger point") shall also be established. The "trigger point" generates a new supply of checks needed to bring stock level back to the maximum level.

030609. Change of Cashiers (Representatives).

Both the outgoing and incoming DoD Component AMEX cashier shall perform a complete, joint inventory and document all travelers checks on hand. The completed inventory shall be signed by both representatives and a letter transferring the account will be prepared and signed by the activity Commander. The original inventory and transfer letter shall be retained by the DoD Component activity. Advise AMEX by letter each time there is a change of designated cashiers. The letter shall include the cashier's AMEX agent code number and the names of persons authorized to order and receive travelers checks. Signature specimens are not required. Forward the letter to the address shown in paragraph 030606.A above.

030610. Disbursement (Sale) of Travelers Checks

A. General. AMEX travelers checks shall be disbursed to employees and members as a travel advance. The travelers check advance is in lieu of a cash travel advance. Fees for the issuance of AMEX travelers checks are based on the method of payment to AMEX under this program. Participating DoD Component activities may use AMEX payment option B or option C as described below. The preferred payment option for all DoD Component activities is option C.

1. Payment Option B. Under payment option B, payment to AMEX for the value of travelers checks disbursed plus the related fees must be made within 5 calendar days of the date the travelers checks are disbursed. The paying disbursing office is the disbursing office providing disbursing support to the DoD Component activity participating in the program. Payment option B shall be used only for disbursement of travelers checks to members and employees who **ARE NOT** participants in the U.S. Government Travel Card Program and in those instances when the DoD Component activity does not participate in the central billing process described below under payment option

C. A fee of \$.10 per \$100 in travelers checks disbursed is assessed. Refer to paragraph 030610.B and 030611.A below for specific procedures for reporting disbursement of travelers checks and payment for the checks and related fees to AMEX.

2. Payment Option C. Within payment option C, there are two distinctly different methods of payment: a centrally billed account method and an individual charge card account method. Payment option C is the preferred payment method for use by all DoD Component activities. Also, use of this option requires each participating activity to use the automated Express Cheque system provided by AMEX.

a. Centrally Billed Accounts. The centrally billed account method of payment operates under a concept similar to the central billing procedures for purchase of and payment for airline tickets. Under this method, the participating DoD Component activity must obtain an activity AMEX charge card account. The activity charge card account is charged for all travelers checks disbursed to individuals who **ARE NOT** participants in the U.S. Government Travel Card Program. A fee of \$1.50 per \$100 in travelers checks disbursed is assessed under this method. Monthly, AMEX will bill the DoD Component activity for all travelers checks disbursed as well as the related fees.

b. Individual Charge Card Accounts. The individually billed account method is applicable to **ALL** individuals participating in the U.S. Government Travel Card Program (i.e., all holders of the American Express Travel Card). Under this method, travelers checks are charged to the individual card holder's AMEX travel card. A fee of \$2.50 per \$100 in travelers checks disbursed is assessed under this method. The individual card holder is billed monthly by AMEX for the travelers checks as well as the related fees. This method is identical to the individual billing procedure currently in effect for using the AMEX travel card at automated teller machines (ATMs) to obtain cash.

B. Disbursing Travelers Checks Under Option B. Cashiers shall disburse travelers checks to employees and members only upon presentation of approved travel orders and



appropriate identification. In all instances, the maximum amount of travelers checks disbursed shall be limited to the amount of travel advance authorized in the travel order. A Purchaser Application Form (PAF) must be completed for each travelers check disbursement. The cashier should refer to the AMEX user's guide for disbursing travelers checks and completion of the PAF. Under this payment option the cashier shall:

1. select the appropriate travelers check amount.
2. complete a PAF for each pack of travelers checks disbursed and a separate PAF for each loose travelers check disbursed.
3. ensure the individual inserts his/her name, address, and signature on each PAF.
4. give the travelers checks, refund information, and customer copy of each PAF to the individual.
5. advise the individual to sign each of the travelers checks in the upper left hand corner immediately. NOTE: Customers who do not sign travelers checks immediately upon receipt forfeit their right to refund from AMEX. If lost or stolen, travelers checks must have the customer's signature in the upper left hand corner to qualify for refund.
6. retain three copies of each individual's travel orders and the original and remaining copies of the PAF for preparation of the voucher for payment to AMEX.

**NOTE: TRAVELERS CHECKS DISBURSED UNDER THIS METHOD CONSTITUTE AN ADVANCE OF TRAVEL FUNDS AS DEFINED IN THE JOINT TRAVEL REGULATIONS (JTR) AND THE JOINT FEDERAL TRAVEL REGULATIONS (JFTR). AS SUCH, EACH INDIVIDUAL RECEIVING TRAVELERS CHECKS UNDER THIS METHOD MUST REPORT RECEIPT OF THE TOTAL FACE VALUE OF THE TRAVELERS CHECKS ON THE TRAVEL CLAIM AS A PARTIAL PAYMENT. AT THE TIME THE TRAVEL CLAIM IS SETTLED, THE VALUE OF THE TRAVELERS CHECKS MUST BE DEDUCTED FROM THE TOTAL**

**TRAVEL ENTITLEMENT DUE THE TRAVELER. IN ADDITION, SINCE THE FEE FOR THE TRAVELERS CHECKS HAS BEEN PAID TO AMEX, THE TRAVELER IS NOT AUTHORIZED OR ENTITLED TO CLAIM REIMBURSEMENT FOR THE TRAVELERS CHECK FEE. FAILURE TO REPORT RECEIPT OF AN ADVANCE (BY TRAVELERS CHECKS) ON THE TRAVEL CLAIM RESULTS IN DUPLICATE PAYMENT OF TRAVEL ALLOWANCES AND CAN BE CONSIDERED AN ATTEMPT TO DEFRAUD THE U.S. GOVERNMENT.**

C. Disbursing Travelers Checks Under Option C. As explained above there are two methods of payment to AMEX under option C, the centrally billed account method and the individually billed account method. The centrally billed account method is for use to disburse travelers checks to individuals who **ARE NOT** participants in the U.S. Government Travel Card Program. The individually billed account method is for use to disburse travelers checks to individuals who **ARE** participants in the U.S. Government Travel Card Program. Under either of these options, cashiers shall disburse travelers checks to individuals only upon presentation of approved travel orders and appropriate identification. In all instances, the maximum amount of travelers checks disbursed shall be limited to the amount of travel advance authorized in the travel orders.

1. Centrally Billed Account. The cashier shall:

a. select the appropriate travelers check amounts required to make up the amount of travel advance authorized in the travel orders.

b. obtain authorization to charge the travelers checks to the DoD Component activity charge card account. The cashier should refer to the AMEX user's guide for disbursing travelers checks and completion of the required documents. Key or swipe the AMEX card (DoD Component activity credit card) into the point-of-sale (POS) terminal to obtain an approval code. (If the POS terminal does not return an authorization code, it may be obtained by calling AMEX Card Authorization Service at 1-800-528-2121 and providing the requested information.)

c. complete a PAF for each pack of travelers checks disbursed and a separate PAF for each loose travelers check disbursed.

d. ensure the individual inserts his/her name, address, and signature on each PAF.

e. imprint the Record of Charge (ROC).

f. complete the ROC by recording the approval code; the face value of the travelers checks; the fee amount (compute appropriate amount based on the rates shown above); the sum of face value of the travelers checks and fee amount; and, ensure the agency account number is recorded in the area for card member account number. The member or employee (customer) shall then sign the ROC.

g. give the travelers checks, refund information, the customer copy of each PAF, and the top copy of the ROC to the individual.

h. advise the individual to sign each of the travelers checks in the upper left hand corner immediately. NOTE: Customers who do not sign travelers checks immediately upon receipt forfeit their right to refund from AMEX. If lost or stolen, travelers checks must have the customer's signature in the upper left hand corner to qualify for refund.

i. retain three copies of each individual's travel orders and the original and remaining copies of the PAF and ROC for reporting disbursement of the travelers checks to AMEX and preparation of the voucher for payment to AMEX upon receipt of the monthly billing.

**NOTE: TRAVELERS CHECKS DISBURSED UNDER THIS METHOD CONSTITUTE AN ADVANCE OF TRAVEL FUNDS AS DEFINED IN THE JOINT TRAVEL REGULATIONS (JTR) AND THE JOINT FEDERAL TRAVEL REGULATIONS (JFTR). AS SUCH, EACH INDIVIDUAL RECEIVING TRAVELERS CHECKS UNDER THIS METHOD MUST REPORT RECEIPT OF THE TOTAL FACE VALUE OF THE TRAVELERS CHECKS ON THE TRAVEL CLAIM AS A PARTIAL PAYMENT. AT THE**

**TIME THE TRAVEL CLAIM IS SETTLED, THE VALUE OF THE TRAVELERS CHECKS MUST BE DEDUCTED FROM THE TOTAL TRAVEL ENTITLEMENT DUE THE TRAVELER. IN ADDITION, SINCE THE FEE FOR THE TRAVELERS CHECKS HAS BEEN PAID TO AMEX, THE TRAVELER IS NOT AUTHORIZED OR ENTITLED TO CLAIM REIMBURSEMENT FOR THE TRAVELERS CHECK FEE. FAILURE TO REPORT RECEIPT OF AN ADVANCE (BY TRAVELERS CHECKS) ON THE TRAVEL CLAIM RESULTS IN DUPLICATE PAYMENT OF TRAVEL ALLOWANCES AND CAN BE CONSIDERED AN ATTEMPT TO DEFRAUD THE U.S. GOVERNMENT.**

## 2. Individually Billed Account.

The cashier shall:

a. select the appropriate travelers check amounts required to make up the amount of travel advance authorized in the travel orders.

b. obtain authorization to charge the travelers checks to the individual's AMEX travel card account. The cashier should refer to the AMEX user's guide for disbursing travelers checks and completion of the required documents. Key or swipe the individual's AMEX travel card into the point-of-sale (POS) terminal to obtain an approval code. (If the POS terminal does not return an authorization code, it may be obtained by calling AMEX Card Authorization Service at 1-800-528-2121 and providing the requested information.)

c. complete a PAF for each pack of travelers checks disbursed and a separate PAF for each loose travelers check disbursed.

d. ensure the individual inserts his/her name, address, and signature on each PAF.

e. imprint the Record of Charge (ROC).

f. complete the ROC by recording the approval code; the face value of the travelers checks; the fee amount (compute appropriate amount based on the rates shown above); the sum of face value of the travelers checks and fee amount; and, ensure the individ-



ual's account number is recorded in the area for card member account number. The member or employee (customer) shall then sign the ROC.

g. give the travelers checks, refund information, the customer copy of each PAF, and the top copy of the ROC to the individual.

h. advise the individual to sign each of the travelers checks in the upper left hand corner immediately. NOTE: Customers who do not sign travelers checks immediately upon receipt forfeit their right to refund from AMEX. If lost or stolen, travelers checks must have the customer's signature in the upper left hand corner to qualify for refund.

i. retain two copies of each individual's travel orders and the original and remaining copies of the PAF and ROC for reporting disbursement of the travelers checks to AMEX.

**NOTE: TRAVELERS CHECKS DISBURSED UNDER THIS METHOD DO NOT CONSTITUTE AN ADVANCE OF TRAVEL FUNDS AS DEFINED IN THE JOINT TRAVEL REGULATIONS (JTR) AND THE JOINT FEDERAL TRAVEL REGULATIONS (JFTR). INDIVIDUALS RECEIVING TRAVELERS CHECKS UNDER THIS METHOD SHOULD NOT REPORT RECEIPT OF TRAVELERS CHECKS ON THE TRAVEL CLAIM AS A PARTIAL PAYMENT. SINCE THE FEE FOR THE TRAVELERS CHECKS MUST BE PAID TO AMEX BY THE INDIVIDUAL CARD HOLDER IN SETTLEMENT OF THE AMEX TRAVEL CARD ACCOUNT, THE TRAVELER IS AUTHORIZED AND ENTITLED TO CLAIM REIMBURSEMENT FOR THE TRAVELERS CHECK FEE ON THE TRAVEL CLAIM.**

**030611. Reporting Travelers Check Disbursements and Remitting Payment to AMEX**

**A. Payment Option B.** The report of disbursement and payment documentation for packaged travelers checks is prepared differently than the documentation for loose travelers checks. At the end of each day the cashier shall follow the appropriate instructions below.

**1. Packaged Travelers Check Disbursements**

a. Sort PAFs by denomination.

b. Run an adding machine tape total of each denomination.

c. Total the denomination tapes.

d. Complete a Daily Sales Summary Form (DSF) (refer to the AMEX user's guide for instructions on completion of this form).

e. Combine the forms into package sets (do not staple forms together) as follows:

(1) completed DSF,

(2) PAFs,

(3) authorization (travel orders), and

(4) tape listings.

f. Prepare and certify an SF 1034 for the total amount due AMEX (including the fee for the travelers checks disbursed). The SF 1034 shall contain a separate line of accounting data for each travel order involved. The amount charged to each line of accounting data (travel order) shall be the amount of travelers checks plus the applicable fee for the value of travelers checks disbursed to the individual named in the travel order.

g. Forward the SF 1034 and two of the package sets of forms combined above to the activity's supporting disbursing office on the same business day, if possible, but not later than the morning of the next business day. NOTE: The package set of forms containing the original DSF and PAFs must be forwarded to AMEX with the U.S. Treasury check issued in payment of the travelers checks and related fees. The additional package set of forms is for retention by the disbursing office.

h. Retain a complete package set of the forms and a copy of the SF 1034 for reconciliation of travelers check inventory and payment documentation. To complete the cashier's retained records, the cashier should obtain a copy of the SF 1034 from the disbursing office (after payment) which indicates the disbursing office voucher number, date of payment, and check number (or obtain this information and transcribe it to the retained copy of the SF 1034).

## 2. Loose Travelers Check Disbursements

a. Sort PAFs by denomination.

b. Total amounts on an adding machine tape listing. NOTE: A daily sales summary form (DSF) is not required for loose travelers check disbursements.

c. Combine the forms into package sets (do not staple forms together) as follows:

- (1) PAFs,
- (2) authorization (travel orders), and
- (3) tape listings.

d. Prepare and certify an SF 1034 for the total amount due AMEX (including the fee for the travelers checks disbursed). The SF 1034 shall contain a separate line of accounting data for each travel order involved. The amount charged to each line of accounting data (travel order) shall be the amount of travelers checks plus the applicable fee for the value of travelers checks disbursed to the individual named in the travel order.

e. Forward the SF 1034 and two of the package sets of forms combined above to the activity's supporting disbursing office on the same business day, if possible, but not later than the morning of the next business day. NOTE: The package set of forms containing the original PAFs must be forwarded to AMEX with the U.S. Treasury check issued in payment of the travelers checks and related fees.

The additional package set of forms is for retention by the disbursing office.

f. Retain a complete package set of the forms and a copy of the SF 1034 for reconciliation of travelers check inventory and payment documentation. To complete the cashier's retained records, the cashier should obtain a copy of the SF 1034 from the disbursing office (after payment) which indicates the disbursing office voucher number, date of payment, and check number (or obtain this information and transcribe it to the retained copy of the SF 1034).

B. Payment Option C. Under payment option C, AMEX will bill the DoD Component activity account (centrally billed account) or the individual AMEX credit card holder's account (individually billed account) for travelers checks disbursed plus the related fees. The monthly billing from AMEX is based on the daily report of travelers checks disbursed which is submitted to AMEX by the cashier. The cashier should refer to the AMEX user's guide for complete details on preparing and submitting the daily travelers check disbursement (sales) report to AMEX. The cashier shall also comply with the minimum requirements as described in the following subparagraphs.

1. Centrally Billed Account. At the conclusion of each individual travelers check disbursement, the cashier shall segregate the documentation (by individual transaction) into package sets as shown below. Each individual package set shall be fastened together to provide a complete record of travelers check issuance. At the end of each business day, the cashier shall forward that day's AMEX packages to American Express, Travelers Cheque Operations Center, GSA Support Group, 4315 South 2700 West, Salt Lake City, UT 84184-1300. The cashier and disbursing office copy of each package set shall be retained by the cashier for use in reconciliation of the monthly AMEX billing and for preparation and certification of the voucher for payment to AMEX.

### a. Package Set for AMEX

- (1) Original (top copy) of the PAF,

(2) bottom copy  
(AMEXCO copy) of the ROC, and

(3) copy of the travel  
orders.

b. Package Set for Cashier  
Files

(1) Center copy (yellow  
tissue copy) of the PAF,

(2) center copy (Service  
Establishment copy) of the ROC, and

(3) copy of the travel  
orders.

c. Package Set for the  
Disbursing Office

(1) Center copy (green  
tissue copy) of the PAF, and

(2) copy of the travel  
orders.

Upon receipt of the billing (statement of charges) from AMEX, the cashier shall reconcile all items appearing on the billing with the cashier's and disbursing office copies of the retained package sets. After reconciliation, the cashier shall prepare and certify an SF 1034 for the total amount due AMEX (including the fee for the travelers checks disbursed). The SF 1034 shall contain a separate line of accounting data for each travel order involved. The amount charged to each line of accounting data (travel order) shall be the amount of travelers checks plus the applicable fee for the value of travelers checks disbursed to the individual named in the travel order. The cashier shall forward the completed and certified SF 1034, the original and copies of the AMEX billing, and the disbursing office package sets of forms included on the billing to the activity's supporting disbursing office on the same business day received, if possible, but not later than the morning of the next business day. The cashier shall retain a copy of the AMEX billing with the cashier's package set of the forms and a copy of the SF 1034 for reconciliation and payment documentation. To complete the cashier's retained records, the cashier should obtain a copy of the SF 1034 from the disbursing

office (after payment) which indicates the disbursing office voucher number, date of payment, and check number (or obtain this information and transcribe it to the retained copy of the SF 1034).

2. Individually Billed Account.  
Individual AMEX travel card holders will be billed for all travelers checks disbursed to them in the same manner as AMEX travel card holders are billed for ATM cash advances. Direct payment to AMEX for the amount of the travelers checks plus the related fee is the direct personal responsibility of the individual AMEX travel card holders. However, as with the centrally billed account, the monthly billing from AMEX is based on the daily report of travelers checks disbursed which is submitted to AMEX by the cashier. The cashier should refer to the AMEX user's guide for complete details on preparing and submitting the daily travelers check disbursement (sales) report to AMEX. The cashier shall also comply with the minimum requirements as described herein. At the conclusion of each individual travelers check disbursement, the cashier shall segregate the documentation (by individual transaction) into package sets as shown below. Each individual package set shall be fastened together to provide a complete record of travelers check issuance. At the end of each business day, the cashier shall forward that day's AMEX packages to American Express, Travelers Cheque Operations Center, GSA Support Group, 4315 South 2700 West, Salt Lake City, UT 84184-1300. The cashier copy of each package set shall be retained by the cashier for use in reconciliation of travelers check disbursements, as necessary. **NOTE THAT UNDER THE INDIVIDUALLY BILLED METHOD, PAYMENT DATA IS NOT PROCESSED THROUGH THE DISBURSING OFFICE BECAUSE PAYMENT TO AMEX FOR TRAVELERS CHECKS DISBURSED IS THE PERSONAL RESPONSIBILITY OF THE AMEX TRAVEL CARD HOLDER.**

a. Package Set for AMEX

(1) Original (top copy)  
of the PAF,

(2) bottom copy  
(AMEXCO copy) of the ROC, and

(3) copy of the travel orders.

b. Package Set for Cashier Files

(1) Center copies (yellow and green tissue copies) of the PAF,

(2) center copy (Service Establishment copy) of the ROC, and

(3) copy of the travel orders.

c. Remitting Payment to AMEX by the DO. Upon receipt of the SF 1034 and supporting documentation described above, the DO shall take appropriate action to process the SF 1034 and effect issuance of a U.S. Treasury check to AMEX in payment for travelers checks and fees disbursed under option B and option C (centrally billed account). Under option B, payment to AMEX for travelers checks disbursed plus related fees is due within 5 days of travelers check issuance. Under option C (centrally billed account), payment to AMEX for travelers checks disbursed plus related fees is due within 5 days of receipt of the monthly billing.

030612. Refunds for Individual Cardholders. An individual will not be responsible for the amount of lost or stolen checks provided that the individual has satisfied all of the requirements set forth in the Recipient Agreement. AMEX will clear their account to eliminate responsibility for the amount of lost or stolen checks replaced in the form of cash or traditional American Express travelers checks (traditional checks) through the AMEX Refund Service Center. AMEX will bill the individual card account upon issuance of the traditional checks or cash. As an alternative, AMEX can resupply Government Travelers Checks which can be ordered through the DoD Components cashier.

030613. Termination of Agreement

A. DoD Component Activities. As stated in the American Express Travelers Cheque Trust Agreement, upon termination of the contract between General Services Administration and AMEX, DoD Component activity cashiers shall, within fifteen 15 calendar days, destroy all

travelers checks on hand by cremating or shredding. The cashier shall prepare a DD Form 2669, Destruction Certificate, that describes the travelers checks by serial number, currency (U.S. or other), denomination, quantity, and total value. The original DD Form 2669 shall be forwarded to AMEX, and a copy shall be retained for the DoD Component activity's records. In addition, the cashier shall return any equipment, display material or other property furnished by AMEX.

B. Individual Cardholder. Either the DoD Component activity or AMEX may suspend or terminate an individual's participation in the AMEX Travel Card Program in accordance with the terms of the cardholder agreement. In the event of termination the individual agrees:

1. not to cash the remaining travelers checks,

2. to cut out the lower right corner where the chairman's signature appears or write "VOID" across the face of each travelers check in nonerasable ink,

3. to return all uncashed travelers checks to AMEX or the DoD Component activity cashier. AMEX will bill the individual credit card account for the amount of travelers checks not returned within 15 calendar days after participation in the program has been terminated. The credit card account statement must be settled upon receipt.

030614. Loss of Travelers Checks

A. DoD Component Activities. In case of loss of any proceeds of sale or travelers checks, whether by theft, burglary, holdup, fire, dishonesty of employees or members, mysterious disappearance, or any other cause, the DoD Component activity shall notify AMEX immediately and shall report the loss of funds as prescribed in chapter 06 of this Volume. In the event of any such loss, the DoD Component activity shall pay all monies due in accordance with the established agreement with AMEX.

B. DoD Component Activity Cashier. The loss of travelers checks or proceeds of sale while in the custody of the DoD Component's cashier constitutes a physical loss of Government funds. Required actions to be taken to report

and investigate the loss of funds are addressed in chapter 06 of this Volume.

★0307 WEAPONS FOR CASH PROGRAM

030701. Authority. Upon approval of the Secretary of Defense to establish a weapons for cash program the following procedures shall be utilized to execute the program.

A. Funding Authorization. The commander shall provide funding authorization for weapons procurement based upon approval to establish a weapons for cash program. The total amount advanced to the paying agents plus the amount disbursed for weapons under this program cannot exceed the funding authorization established by the commander. In the event additional funds are required, the commander must first adjust the funding authorization.

B. Paying agents. Paying agents should be utilized as necessary to successfully operate the program. All paying agents for this program shall be appointed as directed in paragraph 020604 of this Volume. Funds shall be advanced (subject to the limitations above) by the disbursing officer supporting the mission to the paying agents as prescribed in paragraph 030402 of this chapter. The advances will be provided in the currency of the country involved. Disbursing officers should refer to chapter 12 of this Volume for procedures to obtain foreign currency to meet mission requirements.

C. Weapons Purchases. Disbursements for each purchase must be accounted for properly. This shall be accomplished utilizing SF 44A, Purchase Order-Invoice-Voucher or other available chain of custody type receipt. General preparation and distribution of these forms are as follows:

1. Each disbursement document (receipt from seller) must contain the seller's name and (if possible) identification number, weapon description and serial number, and amount disbursed. Make sure to obtain the seller's signature on the receipt.

2. The original and one copy of the disbursement document (receipt from seller) shall be turned in to the DO, one copy attached

to the weapon (for inventory control), and one copy provided to the seller.

D. Clearing or Replenishment of the Paying Agent's Account. To clear the paying agent's account, the paying agent shall prepare an OF 1129, Cashier Reimbursement Voucher and/or Accountability Report. The OF 1129 shall be for the total amount of all disbursement documents (receipts) turned in and must be accompanied by the original and one copy of each document (receipt) and any remaining balance of the cash advanced. Additionally, a copy of the approval to establish a weapons for cash program shall be attached to the OF 1129. If replenishment of the paying agent's account is necessary, the paying agent shall prepare the OF 1129 as prescribed above and submit the completed document to the supporting disbursing officer. Subject to the funding limitations described in the previous subparagraphs, the disbursing officer will issue payment of the OF 1129 to the paying agent for the approved amount of the OF 1129.

<b>STATEMENT OF AGENT OFFICER'S ACCOUNT</b>				
<b>DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.</b>  K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001		<b>AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS</b> <i>(Include ZIP Code/APO number and Telephone number.)</i>  K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032		
<b>TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT</b>				
TRANSACTIONS <i>a</i>	INCREASE (Received by Agent) <i>b</i>	BEGINNING BALANCE (In Agent's Account) <i>c</i>	DECREASE (Turned in by Agent) <i>d</i>	ENDING BALANCE (In Agent's Account) <i>e</i>
1. BALANCE FORWARD		0.00		
2. U.S. DOLLARS	2562.00			
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS				
6. DEPOSITS				
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS	15000.00			
B. MILITARY PAYMENT ORDERS				
C. OTHER (Specify)				
8. PAID VOUCHERS				
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		17,562.00		
<b>STATEMENTS</b>				
<b>DISBURSING OFFICER</b>  <input checked="" type="checkbox"/> <b>ON ADVANCE:</b> I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.		<b>AGENT OFFICER</b>  <input checked="" type="checkbox"/> <b>ON ADVANCE:</b> I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.		
DATE 19 JAN XX	SIGNATURE OF DISBURSING OFFICER	DATE 19 JAN XX	SIGNATURE OF AGENT OFFICER	
<input type="checkbox"/> <b>ON RETURN:</b> I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.		<input type="checkbox"/> <b>ON RETURN:</b> THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.		
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	

DD Form 1081, MAY 75

PREVIOUS EDITION IS OBSOLETE

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Figure 3-1. Sample DD Form 1081, Statement of Agent Officer's Account (Advance of Funds)

<b>STATEMENT OF AGENT OFFICER'S ACCOUNT</b>				
<b>DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.</b>  K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001		<b>AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS</b> <i>(Include ZIP Code/APO number and Telephone number.)</i>  K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032		
<b>TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT</b>				
TRANSACTIONS <i>a</i>	INCREASE <i>(Received by Agent)</i> <i>b</i>	BEGINNING BALANCE <i>(In Agent's Account)</i> <i>c</i>	DECREASE <i>(Turned in by Agent)</i> <i>d</i>	ENDING BALANCE <i>(In Agent's Account)</i> <i>e</i>
1. BALANCE FORWARD		17562.00		
2. U.S. DOLLARS				
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS	1200.00			
6. DEPOSITS			702.00	
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS				
B. MILITARY PAYMENT ORDERS				
C. OTHER <i>(Specify)</i>				
8. PAID VOUCHERS			3960.00	
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		18,762.00		14,100.00
<b>STATEMENTS</b>				
<b>DISBURSING OFFICER</b>  <input type="checkbox"/> <b>ON ADVANCE:</b> I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.		<b>AGENT OFFICER</b>  <input type="checkbox"/> <b>ON ADVANCE:</b> I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.		
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	
<input checked="" type="checkbox"/> <b>ON RETURN:</b> I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.		<input checked="" type="checkbox"/> <b>ON RETURN:</b> THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.		
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	
21 JAN XX		21 JAN XX		

DD Form 1081, MAY 75

PREVIOUS EDITION IS OBSOLETE

225/148

Figure 3-2. Sample DD Form 1081, Statement of Agent Officer's Account (Return of Funds/Vouchers)

MODEL INTERGOVERNMENTAL AGREEMENT (FOR DIRECT QUOTATION)AGREEMENT BETWEEN THE UNITED STATES OF AMERICA  
AND \_\_\_\_\_ FOR THE  
RECIPROCAL ADVANCE OF FUNDS TO UNITS  
OR PERSONNEL OF THEIR ARMED FORCES

The Governments of the United States of America and \_\_\_\_\_ each realizing that units or personnel of their respective armed forces may find themselves isolated from their parent units without financial means for support while in an area in which the other Government's armed force is present, and desiring to facilitate the financial support of such units and personnel in a situation of that nature, have agreed as follows:

Article I

When units or personnel of the armed forces of one of the parties to this agreement find themselves separated from their parent unit without adequate financial support in an area in which the armed forces of the other party are present, then cashiers, disbursing officers, or an individual member of the separated force may request funds from the appropriate area commander of the armed forces of the other party, or his or her designated representative, to pay wages and allowances or purchase necessary supplies and services.

Article II

The responsible authorities of a party receiving a request for funds, as in Article I, above, after satisfying themselves that resources or services of the requesting forces are unavailable or inadequate, shall honor such request. Requests shall be approved on a case-by-case basis. Where circumstances permit, this agreement shall be verified. Regardless of whether such verification is obtained, the Government of the units or personnel to whom the funds are advanced shall be responsible for effecting reimbursement.

Article III

The funds may be advanced in the currency of the lending State, of the State to which funds are advanced, or of the third State in which the forces may be located, or in any other available currency acceptable to the receiving force.

Article IV

The cashier, the disbursing officer, or the personnel of the force who receive funds shall give the authorities of the force who provided the funds a receipt for the funds received. Such receipts shall be substantially in the form prescribed in the annex to this agreement.

Figure 3-3. Model Intergovernmental Agreement



Article V

The authorities of the force providing the funds shall present the receipts to the designated settlement officer of the State to which funds were advanced for reimbursement. Normally, reimbursement shall be made in the currency that was advanced at a rate of exchange to the currency of the country seeking reimbursement that is not less favorable to the lender than that existing at the time of the advance. Where mutually acceptable, reimbursement may be made in another currency, if that settlement is made at a rate of exchange that is not less favorable to the country seeking reimbursement than that existing at the time of the advance. Settlement of accounts shall be made within 30 days of the advance.

Article VI

This agreement shall apply during both peace and war without limitation as to geographical area.

Article VII

This agreement shall continue in force until 3 months after the receipt by either party of written notice of the intention of the other party to terminate it.

IN WITNESS WHEREOF the undersigned representatives have signed the present agreement.

Done at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
in the English and \_\_\_\_\_ languages, both texts being equally authoritative.

(Signature) \_\_\_\_\_

(Signature) \_\_\_\_\_

Figure 3-3. Model Intergovernmental Agreement (Continued)

LEVELS OF AUTHORIZED CASH HOLDINGS		
IF SOURCE OF FUNDS IS:	AND WEEKLY REQUIREMENTS ARE:	THEN HOLD CASH TO OPERATE FOR:
Reasonably close (not more than 24 hours required to obtain cash)	\$500 or less	4 weeks
	over \$500 and less than \$5,000	2 weeks
	over \$5,000 and less than \$100,000	1 week
	over \$100,000	3 days
Not reasonably close (more than 24 hours required to obtain cash)	\$2,500 or less	4 weeks
	over \$2,500 and less than \$50,000	2 weeks
	over \$50,000	1 week
Remote	\$50,000 or less	4 weeks
	over \$50,000	2 weeks

Table 3-1. Maximum Levels of Authorized Cash Holdings

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## CHAPTER 04

CHECK CASHING SERVICE (ACCOMMODATION EXCHANGE)0401 EXCHANGE OF CASH FOR NEGOTIABLE INSTRUMENTS040101. Policy

A. General. As provided in 31 U.S.C. 3342 (reference (o)), DOs are authorized to provide check cashing and accommodation exchange service to military and civilian personnel of the U.S. Government, veterans hospitalized or domiciled in Veteran Administration facilities or other U.S. Government institutions, contractors engaged in U.S. Government projects (including contractor personnel), and personnel of authorized non-governmental agencies operating with agencies of the United States. It is DoD policy that such services shall be provided only when satisfactory banking facilities do not exist.

★ B. United States. If commercial banks, on-base banking facilities, exchanges, or other financial institutions are not available to provide check-cashing service, the commander may request the Deputy Director for Finance, DFAS Headquarters, to authorize the DO to cash the negotiable instruments listed in paragraph 040102 of this section. Such a request, with complete justification, should be submitted through the Director, Procedures and Guidance Division, Office of Disbursing Management, 1500 E. 95th Street, Kansas City, MO 64197-0001, via the servicing DFAS Center. If approved, the provisions of section 0402 below will apply. Only the individuals listed in paragraph 040104 of this section are eligible to receive check-cashing service.

★ C. Overseas Areas and Ships Afloat. If military banking facilities, commercial banks, exchanges, or other financial institutions are not available or adequate to provide check-cashing service, the commander may authorize the DO to cash the negotiable instruments listed in paragraph 040102 of this section. Only the individuals listed in paragraph 040104 of this section are eligible to receive check-cashing service provided that:

1. The DO's check cashing policy is in writing and approved by the commander. It shall specifically identify the scope of the services to be provided and the personnel eligible to receive this service.

2. Adequate resources are available to provide these services without impacting on levels of service and the primary disbursing and pay functions.

3. The DO has the right to deny check cashing privileges to anyone based on availability of cash or personnel resources. The commander's written authorization shall emphasize this right.

040102. Negotiable Instruments. The negotiable instruments that a DO may be authorized to cash are: U.S. Treasury checks; U.S. postal money orders; traveler's checks; bank money orders; certified and cashier's checks drawn on U.S. banks; checks from reputable companies; and other checks and instruments drawn on U.S. banks in U.S. currency, that the DO can justify honoring (i.e., guaranteed by the Government or financial institution).

★040103. Eligibility. Eligibility for check-cashing services shall normally extend to all personnel permanently assigned to units in the area served by the DO. Units desiring personal check-cashing privileges from DOs of another activity or Component shall designate a point-of-contact (POC) to work with the DO. The DO may require the POC to furnish a list of personnel on TDY/TAD when approved by the DO's commander. TDY/TAD personnel shall furnish the DO with a copy of the TDY/TAD orders in addition to any other items of identification required by the DO. An authorized agent, usually a dependent, who is authorized pursuant to a properly executed power of attorney, may be granted check-cashing privileges for personal checks drawn on the account of the member, personal checks drawn on joint accounts to which the member is a party, and any other check which is drawn in favor of the member. The agent shall present valid identification in the

course of all transactions. All restrictions which apply to benefiting members shall apply to agents of members under the terms of the executed DFAS Form 706, Personal Check Cashing Agreement, which serves as a power of attorney. This form may be obtained from the servicing DFAS Center for local reproduction.

★040104. Eligible Individuals. Individuals who may be authorized to receive check cashing services are as follows:

A. Members of the U.S. Armed Forces.

B. Civilian employees of the U.S. Government who are U.S. citizens.

C. U.S. military retirees. This authorization is contingent upon the requirement that the theater commander determines that provision of these services is not prohibited by the Status of Forces Agreement (SOFA) of the country involved and that other check cashing facilities (banks, exchanges, etc.) are not available or adequate.

D. Hospitalized veterans of the U.S. Armed Forces.

E. Contractors and their employees engaged in U.S. Government projects provided that the contractor is a U.S. firm and the employee is a U.S. citizen.

F. U.S. citizens who are employees of authorized non-Government agencies such as the National Science Foundation operating with U.S. Government agencies.

★ G. Dependents of all the above ordered to safehaven posts due to emergency evacuation. See paragraph 120304.F for accommodation restrictions.

H. Dependents of the personnel named in subparagraphs 040104.A through 040104.C above holding powers of attorney and possessing valid DoD identification cards.

I. Dependents of the personnel named in subparagraphs 040104.D through 040104.F above holding proper identification and powers of attorney.

★ J. Third-country nationals employed as civilian employees or under contract to the U.S. Government, or contractors or subcontractors that are U.S. firms engaged in U.S. Government projects in foreign countries, provided the checks presented by the third-country nationals are U.S. Treasury dollar checks or U.S. dollar checks issued by the contractors to third-country nationals presenting the check to be cashed.

040105. Internal Controls. Commanders and other individuals in the chain of command shall ensure that internal controls are adequate to preclude the fraudulent issuance and cashing of negotiable instruments. At a minimum, the following procedures shall be followed:

A. All instruments are endorsed "Pay to the order of the Disbursing Officer (name of ship, station, activity, or unit)".

B. The payee shall sign or endorse each instrument in the presence of the DO, deputy, agent, or cashier.

C. The identity of the deputy, agent, or cashier providing the cash shall be clearly identifiable on the negotiated instrument. In the event that the instrument has been altered or forged, the deputy, agent, or cashier that cashed the instrument may be held liable. If the instrument becomes non-negotiable and the identity of the deputy, agent, or cashier cashing the instrument is not apparent on the instrument, the DO may be held accountable.

D. The deputy, agent, or cashier cashing the negotiable instrument shall properly verify the identity of the person presenting the negotiable instrument for payment. There are virtually no acceptable grounds for granting relief to an deputy, agent, or cashier who cashes a forged instrument.

E. Adequate identification of the payee is recorded on the negotiable instrument in order that recovery can be made in the event that the instrument is dishonored (i.e., legible name, SSN, duty station/organization, duty phone, I.D. Card number, etc.).

★0402 CASHING PERSONAL CHECKS★040201. PROCEDURES FOR CASHING PERSONAL CHECKS OVERSEAS, ABOARD SHIPS, AND, BY EXCEPTION, WITHIN THE UNITED STATES

A. General. If military banking facilities, commercial banks, exchanges, or other financial institutions are not available or adequate to provide check-cashing services, the commander may authorize the DO to cash personal checks overseas or afloat. These DOs often do not receive notification of dishonored checks prior to the individuals moving from the deployed location. In order to expedite collection on dishonored checks, standard overseas and afloat check-cashing procedures applicable to appropriated fund civilians and military personnel throughout overseas and afloat DoD Components are prescribed in this chapter. Overseas and afloat disbursing offices, all appropriated civilian payroll offices, and, when individually approved by DFAS Headquarters, all DOs within the United States that provide accommodation exchange check-cashing services must implement these procedures subject to the following:

1. A commander may authorize the DO to cash personal checks for certain authorized individuals, as prescribed in section 0401 above.

2. The term "commander" as used in these procedures refers to a director of the servicing DFAS Center, commander-in-chief, base or installation commander, commanding officer or officer-in-charge, or equivalent civilian head in the chain of command of the DO who is at least grade O6 or GS-15.

3. The commanders and other individuals in the chain of command shall ensure that internal controls are adequate to preclude the fraudulent cashing of negotiable instruments.

★ B. Exceptions. DOs of Navy vessels may cash personal checks for crew members when the vessel is in a U.S. port and check cashing facilities are not available for non-residents of the area. A non-tactical disbursing activity in the United States may provide check cashing service when a unit, squadron, or de-

tachment, without a DO or disbursing capability, is performing temporary duty away from their permanent station or homeport in an area where check cashing facilities are not available for non-residents of the area. This authority also applies when units, squadrons, or detachments are engaged in training or exercises which preclude use of available check cashing facilities. For any situations not described above, the commander may request authority to provide check cashing service from the Deputy Director for Finance, DFAS Headquarters. The request, with complete justification, should be submitted as prescribed in paragraph 040101.B above.

C. Limitations. Local commanders shall establish maximum amounts for personal checks that may be cashed by authorized personnel and/or their agents. Although check cashing privileges are required for authorized personnel and/or their agents in many overseas areas, such service must be provided within sound financial management practices. Command policy and applicable limits, based on the dictates of the local economy and cost-of-living, must be published in writing. Deviations from established command maximum limits must be provided by the servicing DO, in writing, for each exception. Disbursing officers must provide a copy of the authorization to exceed the established limit when requesting removal of deficiencies involving uncollectible insufficient fund checks and any insufficient fund charges that may be assessed by financial institutions for personal checks they have cashed. Section 0404 below refers. Checks shall be made payable in multiples of \$5 unless local conditions make such increments impractical. However, Treasury checks or checks issued by insurance companies, banks, or other institutions of similar financial standing may be cashed without regard to dollar amount. All checks shall be drawn on U.S. financial institutions, overseas branches of U.S. banks, or overseas military banking facilities operated by U.S. contractors; shall be payable through U.S. banks; and shall be denominated and payable in U.S. currency. The DO shall establish the days and hours during which the service will be provided and shall make appropriate notification of any changes. Suspension of check-cashing privileges for writers of dishonored checks shall be governed by this section.

D. Check Cashing Procedures.

1. All authorized military and appropriated fund civilian personnel who request check cashing privileges must consent, in writing, to immediate collection against their pay for the total of all dishonored checks. With this procedure, dishonored checks will not become a delinquent debt; therefore, there is no authority to assess a service charge (penalty). However, the recovery of any insufficient fund charges assessed on the DO by financial institutions are allowed. Depending on the circumstances, this practice will allow the DO two options:

a. OPTION 1: The DFAS Form 706, Personal Check Cashing Agreement.

(1) If the individual's payroll office is not known or if the DO or his/her deputies, agents, or cashiers are cashing a check for a civilian employee or an authorized agent of a civilian employee or military member, the DO should use the DFAS Form 706.

(2) The term "authorized agent" as used on the DFAS Form 706, pertains to an individual, usually a dependent, who is authorized pursuant to a power of attorney to cash personal checks on behalf of a member or civilian employee as prescribed in this chapter.

(3) With the proper use of this form, a separate power of attorney on behalf of the individual requesting check cashing service is not required. The member/employee must appoint an agent by providing a name(s) in the block titled "Authorized Agent:" of the DFAS Form 706. The form must be signed by the member/employee. The agent's signature would be verified against a valid form of identification at the time the check is presented.

b. OPTION 2. An authorized statement stamped on the front of the personal check may be used only for military members and civilian appropriated fund employees, but not for their agents or other classes of individuals authorized check-cashing privileges.

(1) If the individual's payroll office is known, the DO can order a rubber stamp in small type to be placed on the

front of the check along the top margin or above the bank's name and address as shown in figure 4-1.

(2) The stamp must include the following two-line statement:

"I consent to immediate collection from my pay the amount of this check plus bank charges, if this check is dishonored \_\_\_\_\_."

(3) The DO or his/her deputies, agents, or cashiers must place this statement on the front of the check in the presence of the individual and must ensure the individual's initials are provided at the end of the statement to validate immediate collection from the individual's pay account for dishonored personal checks.

(4) If the stamp is used, adequate identification of the payee must be recorded on the negotiable instrument in order that recovery can be made in the event that the instrument is dishonored (e.g., full legible name, DoD Component, social security number, duty station/organization, duty phone, identification card number, etc.). This information must be verified against a valid identification card.

2. The following are the responsibilities of disbursing officers and their deputies, agents, and/or cashiers when pay account collection for dishonored personal checks becomes necessary:

a. When a military member is in the same component and the DO maintains the member's account:

(1) Immediate pay account checkage, is authorized for the face value of the dishonored check(s), plus any charges assessed against the DO by a financial institution for processing dishonored checks.

(2) As a part of the DFAS consolidation effort, "partial/casual payments" are limited to emergency situations. Therefore, DO's are **no longer allowed** to use "partial/casual payments" as a means of resolving a dishonored check.

b. When a military member is from a different component, or from the same component but paragraph 040201.D.2.a above does not apply (e.g., retirees, members on PCS orders, TDY, or in any other transitory status) the following procedures will be applied:

(1) When the DFAS Form 706 is used. The DO must make copies of the form (front and back), certify on the reverse side of the form that the individual consented to voluntary collection, and send it to the appropriate supporting DFAS Center, as listed in paragraph 040201.E below to effect the pay account checkage and make restitution to the negotiating DO. The payroll office should annotate the reverse side of the DFAS Form 706 specifying the action taken for each dishonored check listed.

(2) When the stamp is used on the face of a check, the DO will prepare the DD Form 139, Pay Adjustment Authorization by Component as follows:

(a) Attach a listing showing each military member's name, DoD Component, social security number, unit or duty station, and check amount(s), along with copies of the checks (front and back). In cases where the depository adds a fee to the amount of the dishonored check, a copy of the SF Form 5515 should be included to substantiate its inclusion in the total amount of the checkage. Send all to the appropriate supporting DFAS Center, at the mailing address provided in paragraph 040201.E below for execution of a pay account deduction.

(b) Certify that the military members consented to voluntary collection by typing the following certification statement on the DD Form 139 in the block titled "Explanation and/or Reason for Adjustment":

"I certify that these collections are the result of dishonored personal checks cashed by the cited individuals for the amounts stated. Each individual has consented, in writing, that in consideration for cashing the individual's personal check(s), the amount of any check returned unpaid, plus any charges assessed against the DO by a financial institution, for any reason may be collected from the individual's pay."

c. Dishonored personal checks for authorized appropriated fund civilian employees whose payroll office is known will be processed as follows:

(1) Immediate pay account checkages are authorized for the face value of dishonored checks plus any charges assessed against the DO by financial institutions.

(2) The DO must make copies of the DFAS Form 706 (front and back), certify on the reverse side of the form that the individual consented to voluntary collection, and send the form, along with copies (front and back) of the checks. In cases where the depository adds a fee to the amount of the dishonored check, a copy of the SF Form 5515 should be attached to substantiate its inclusion in the amount of the pay account checkage. Send all to the appropriate supporting DFAS Center payroll office listed in paragraph 040201.E, below, for pay account checkage(s).

d. Dishonored personal checks for authorized appropriated fund civilian employees whose payroll office is unknown:

(1) If the DO or his/her deputies, agents, or cashiers cannot locate the individual's payroll office, a copy of the DFAS Form 706 (front and back) must be sent to their supporting DFAS Center listed in paragraph 040201.E requesting they facsimile (FAX) the individual's name and social security number to the Defense Manpower Data Center to locate the individual's personnel office.

(2) When the supporting DFAS Center receives a copy of the DFAS Form 706 (front and back) requesting assistance in locating the individual and/or payroll office, that DFAS Center will be responsible for the following:

(a) If known, provide the DO the name, address, and phone number of the individual's payroll office.

(b) If the individual's payroll office is not known, FAX the individual's name and social security number to the Defense Manpower Data Center on (408) 656-



2087 requesting the location of the individual's personnel office.

(c) Once the location of the individual's personnel office is known, the DFAS Center will forward the information to the DO for action.

(d) The DO will contact the personnel office to locate the individual's payroll office.

(e) Once the payroll office is known, the DO will follow the procedures prescribed in paragraph 040201.D.2.c.(2) above.

3. When collection action becomes necessary and the payroll office receives the DD Form 139 or DFAS Form 706 from the DO, the payroll office will be responsible for the following:

a. Processing the pay account checkage following normal payroll procedures.

b. When possible, the payroll office should include a statement similar to the following in the remarks column of the leave and earnings statement (LES):

"Consensual collection action for a dishonored check."

c. The DD Form 139 or DFAS Form 706 will be annotated by the applicable payroll office with the action taken for the dishonored check(s) and returned to the submitting DO to support the SF 1219, Statement of Accountability.

d. The applicable DFAS Center/payroll office will enter the collections and centrally issue checks, after the debt has been collected, payable to the DO holding the dishonored check(s) for the amount(s) that has been collected each pay period until the total debt is satisfied.

**NOTE:** Ensure the check is made payable and forwarded to the DO holding the dishonored check(s). The payment must be made in full. A

check is necessary to remove the dishonored check(s) from the DO's SF 1219 for the situations described in this procedure.

4. When a military member or civilian employee is separated or cannot be located to make restitution (e.g., when a military member or civilian employee separates or resigns), the DO will process dishonored checks following the procedures otherwise prescribed in this chapter.

5. The writing of checks in advance of the availability of funds and floating a check cannot be condoned or tolerated. Therefore, individuals who abuse this privilege by continuing to write checks against insufficient funds should be denied future check-cashing privileges.

#### 6. Retention of Documents

a. For all honored checks, the DO that permits personnel to cash personal checks must retain the original signed DFAS Form 706, Personal Check Cashing Agreement until six months after the individual transfers to a new duty station/installation or separates.

b. For all dishonored checks, the original DFAS Form 706 must stay with the dishonored check file until resolved. If the statement above is stamped on the front of the check and the check is dishonored, the DO or his/her deputies, agents, or cashiers must make a copy of the front and back of the check that must stay with the dishonored check file until resolved.

E. DFAS Center Payroll Office Addresses. The DFAS Center Payroll Office addresses listed below are provided to help expedite collection on dishonored checks. These addresses are to be used when mailing the Pay Adjustment Authorization (DD 139 Form) and the Personal Check Cashing Agreement (DFAS 706's Form) when used as a pay adjustment authorization. The DO should use the following addresses when mailing these forms to another DoD Component payroll office and the DO should ensure that the office codes provided are included in the address:

1. DFAS - Cleveland Center (For  
Navy personnel)

a. Active Duty

Defense Finance and Accounting Service -  
Cleveland Center  
(ATTN: DFAS-CL/FD)  
1240 East Ninth Street  
Cleveland, OH 44199-2055

b. Retirees

Defense Finance and Accounting Service -  
Cleveland Center  
ATTN: DFAS-CL/ROA  
Retired Pay  
P.O. Box 99191  
Cleveland, OH 44199-1126

c. Reservist

Defense Finance and Accounting Service -  
Cleveland Center  
ATTN: DFAS-CL/FDAD  
1240 East Ninth Street  
Cleveland, OH 44199-2055

d. Navy Civilian Employees

Defense Finance and Accounting Service -  
Denver Center  
ATTN: DFAS-DE/FNT  
6760 E. Irvington Place  
Denver, CO 80279-4000

2. DFAS - Columbus Center (For  
DFAS and DLA Civilian Employees)

Defense Finance and Accounting Service -  
Columbus Center  
ATTN: DFAS-CO/LA  
P.O. Box 369017  
Columbus, OH 43236-9017

3. DFAS - Denver Center (For  
Air Force Personnel)

a. Active Duty and Reserv-  
ist

Defense Finance and Accounting Service -  
Denver Center  
ATTN: DFAS-DE/FJ

6760 E. Irvington Place  
Denver, CO 80279-3000

b. Retirees

Defense Finance and Accounting Service -  
Cleveland Center  
ATTN: DFAS-CL/ROA  
P.O. Box 99191  
Cleveland, OH 44199-1126

c. Civilian Employees

Defense Finance and Accounting Service -  
Denver Center  
ATTN: DFAS-DE/FN  
Denver, CO 80279-4000

4. DFAS - Indianapolis Center  
(For Army Personnel)

a. Active Duty

Defense Finance and Accounting Service -  
Indianapolis Center  
ATTN: DFAS-IN/FJEA  
8899 E. 56th Street  
Indianapolis, IN 46249-0801

b. Retirees

Defense Finance and Accounting Service -  
Cleveland Center  
ATTN: DFAS-CL/ROA  
P.O. Box 99191  
Cleveland, OH 44199-1126

c. Reservist

Defense Finance and Accounting Service -  
Indianapolis Center  
ATTN: DFAS-IN/FJEB  
8899 E. 56th Street  
Indianapolis, IN 46249-0801

d. Army Civilian Employ-

ees

Defense Finance and Accounting Service -  
Indianapolis Center  
ATTN: DFAS-IN/FA  
8899 E. 56th Street  
Indianapolis, IN 46249

5. DFAS - Kansas City Center  
(For Marine Corps Personnel)

a. Active Duty

Defense Finance and Accounting Service -  
Kansas City Center  
ATTN: DFAS-KC/FBL  
1500 E. 95th Street  
Kansas City, MO 64197-0001

b. Retirees

Defense Finance and Accounting Service -  
Cleveland Center  
ATTN: DFAS-CL/ROA  
P.O. Box 99191  
Cleveland, OH 44199-1126

c. Reservist

Defense Finance and Accounting Service -  
Kansas City Center  
ATTN: DFAS-KC/FJV  
1500 E. 95th Street  
Kansas City, MO 64197-0001

d. Marine Corps Civilian

Employees

Defense Finance and Accounting Service -  
Denver Center  
ATTN: DFAS-DE/FNT  
6760 E. Irvington Place  
Denver, CO 80279-4000

6. U.S. Coast Guard Active  
Duty, Reservist, and Retirees

Commanding Officer (F)  
U.S. Coast Guard Pay and Personnel Center  
444 S.E. Quincy Street  
Topeka, KS 66683-3591

★0403 DISHONORED CHECKS

040301. Checks Received as Collections. Checks received as payment of an obligation to the Government that are later returned unpaid by the depository on an SF 5515, Debit Voucher, shall be processed as prescribed in this paragraph. The DO shall prepare a reverse collection voucher charging the appropriation credited for the collection. Record the SF 5515 on the DD

Form 2657, Daily Statement of Accountability, as a reduction of deposits (line 4.2A) and the reverse collection voucher as a reduction of reimbursements (line 4.1E). A copy of the voucher and the dishonored check shall be provided to the collecting officer (e.g., commissary officer, sales officer, etc.) in order for the collecting officer to reestablish the debt. The collecting officer is responsible for collection of the debt under the provisions of chapter 29 of this Volume.

040302. Checks Received as Accommodation Exchange Transactions. Checks received by a DO in an accommodation exchange transaction that are later returned unpaid by the depository on an SF 5515 shall be processed as prescribed in section 0402 above. The SF 5515 is recorded on the DD Form 2657 as a decrease to deposits (line 4.2A) and as an increase to dishonored checks receivable (line 7.4).

★0404 REMOVAL OF DEFICIENCIES

040401. Request for Removal. Appropriate collection action shall start immediately on receipt of notification that a check has been dishonored and shall be pursued vigorously until recovery has been made. If the debtor is no longer employed or in the military service and all methods and attempts of collection have been exhausted and any further attempts at collection become impractical, the DO shall submit a written request for removal of the deficiency to the servicing DFAS Center. The request shall be addressed via the DO's commander and shall include: the original uncollectible check; a copy of the related SF 5515; copies of the documents presented in section 0402 above to include the latest available information regarding the debtor's whereabouts; a copy of the commander's check cashing policy/authority and, if applicable, a copy of the one-time authority to exceed the commander's normal monetary check amount; and a request that the DFAS Center pursue collection action against the delinquent debtor to the fullest extent that the law will allow. Removal will normally be authorized under 31 U.S.C. 3342 (reference (o)) and Comptroller General Decision B-239483.2 (reference (ab)) if the DO complied with the check-cashing policy and collection requirements prescribed in this chapter. If the DFAS Center authorizes removal of the deficiency, that center

shall provide a memorandum to the requesting DO authorizing a charge to \*\*\*6763.XXXX, Gains and Deficiencies on Exchange Transactions. DOs shall provide a copy of the memorandum to the activity to which financial reports are submitted. The DFAS Center shall continue attempts to recover the debt, and if successful, will arrange for credit to the appropriation charged when the deficiency was removed. If the DFAS Center declines to authorize removal of the deficiency as authorized in this section, the DO may request relief of liability under the procedures for relief of liability for illegal, improper, or incorrect payments as prescribed in chapter 06 of this Volume.

040402. Lost Dishonored Check. If a dishonored check held in the disbursing office becomes lost, it shall be considered and handled as a physical loss of funds.

★040403. Forgeries and Other Unusual Cases. If investigative action does not determine the identity of the person who committed the forgery, or if recovery from this person cannot be accomplished, the DO, deputy, agent, or cashier who cashed the instrument shall be liable for the deficit. There is virtually no excuse for forgery to take place if the check-cashing procedures in this chapter are properly followed. However, if the DO, deputy, agent, or cashier is of the opinion that the circumstances justify relief of liability for the illegal, improper, or incorrect payment, a memorandum requesting relief of the liability may be submitted to the servicing DFAS Center. The request shall include a summary or a copy of the investigative results and shall describe the procedures used to preclude forgery. Each endorser to the basic correspondence shall express a recommendation as to whether relief of liability is considered appropriate.

<b>JAMES A. HANCOCK</b> 123-45-6789 <b>MARY S. HANCOCK</b> 234-56-7890 4567 ASSUMED DRIVE (703) 345-6789 ALEXANDRIA, VA 22310		<b>4620</b> <small>68-7497</small> <small>2560</small>
PAY TO THE ORDER OF _____		19 _____ \$ _____ DOLLARS
<b>NAVY FEDERAL CREDIT UNION</b> <small>VIENNA, VIRGINIA</small>	I CONSENT TO IMMEDIATE COLLECTION FROM MY PAY THE AMOUNT OF THIS CHECK PLUS BANK CHARGES, IF THIS CHECK IS DISHONORED _____	
FOR _____		SAMPLE - NON-NEGOTIABLE
I: 256074974:   4620::: 333333333333   : 001		

<b>JAMES A. HANCOCK</b> 123-45-6789 <b>MARY S. HANCOCK</b> 234-56-7890 4567 ASSUMED DRIVE (703) 345-6789 ALEXANDRIA, VA 22310		<b>4620</b> <small>68-7497</small> <small>2560</small>
PAY TO THE ORDER OF _____		19 _____ \$ _____ DOLLARS
<b>NAVY FEDERAL CREDIT UNION</b> <small>VIENNA, VIRGINIA</small>	I CONSENT TO IMMEDIATE COLLECTION FROM MY PAY THE AMOUNT OF THIS CHECK PLUS BANK CHARGES, IF THIS CHECK IS DISHONORED _____	
FOR _____		SAMPLE - NON-NEGOTIABLE
I: 256074974:   4620::: 333333333333   : 001		

★Figure 4-1. Samples of Check Endorsements Consenting to Pay Account Collections for Dishonored Check Charges

## CHAPTER 05

DEPOSIT AND TRANSFER OF PUBLIC FUNDS0501 DEPOSIT OF FUNDS

050101. General. As prescribed in 31 U.S.C. 3302 (reference (o)), DOs who have funds in excess of current requirements shall deposit them for credit to the Treasury without delay. An exception to the general rule is authorized for those instruments which shall be returned to the remitter in the form in which received, an example being deposits of unsuccessful bidders for the sale of Government property.

050102. Depositories

A. Federal Reserve Bank (FRB). DOs who use an FRB or branch as a depository may do so without prior approval from the servicing DFAS Center. FRBs or branches shall be used whenever possible. Appendix B provides a list of FRBs and branches. All deposits to an FRB or branch shall include a Ca\$h-Link Identification Number (CIN) in Block 3 of the SF 215, Deposit Ticket. The CIN is also required as a part of the endorsement on negotiable instruments included in such deposits. The CIN is derived by adding four leading zeroes to the DSSN and calculating a check-digit for the ninth position. The CIN is calculated as shown in table 5-1. When preparing the SF 215 (and endorsements), the eight-digit CIN and the ninth digit are separated by a dash.

B. General Depositories. As prescribed by the Treasury Financial Manual (reference (w)), banks or other financial institutions which are approved as general depositories are designated by the Treasury. Depositories will be designated only at locations where they are needed to receive deposits of public funds for credit to the Treasury or to furnish cash to DOs for official disbursements. If more than one bank or a bank and credit union have been authorized at a base, station, installation, or command, the local commander, if asked, should give these financial institutions equal recognition when recommending designation as a depository to the Treasury. After approval by the Treasury, the commander should also make an effort to reasonably distribute official financial transac-

tions among the approved depositories. Public funds shall not be deposited in a financial institution which is not an approved general depository except as provided in subparagraph 050102.E below. Deposits shall not be mailed to a general depository unless specifically authorized by the Treasury.

★ C. Requests to Deposit With or Change General Depository. DOs who want either to get initial authorization to deposit collections with a general depository or to change from one depository to another shall send a request through the servicing DFAS Center to the Financial Management Service, Department of the Treasury, Chief Depository Review Section, Banking Operations Branch, 3700 East-West Highway, Hyattsville, MD 20782. The request should be sent at least 90 calendar days prior to the requested effective date to allow the Treasury enough time to make the necessary arrangements and issue appropriate instructions to the depository. The request shall contain the following information:

1. Name and location of the depository currently used.
2. Time and manner in which deposits are made with the current depository.
3. Name and location of the proposed depository (specify the name and location of the particular branch office, if applicable).
4. Time and manner in which deposits will be made with the proposed depository.
5. Total dollar amount deposited monthly.
6. Total number of checks (including Treasury checks) deposited monthly.
7. Dollar amount and number of Treasury checks deposited monthly.

8. Amount of cash deposited monthly.

9. Number of returned checks per month.

10. Number of SFs 215 per month.

11. A brief justification statement outlining distances involved and savings in time and money to be gained by approval of the request.

D. Need for General Depository Ceases to Exist. Should the need for a general depository cease to exist, the DO shall notify the servicing DFAS Center of the date on which the need will terminate and the reason.

E. Limited Depositories. Limited depositories are designated only to receive deposits made by or on behalf of DOs for credit to their official non-symbol checking accounts maintained with such depositories. Limited depositories are not authorized to accept deposits for credit to the Treasury.

## 0502 DEPOSIT REQUIREMENTS

\*050201. Frequency. The deposit of all funds received for credit to the account of the Treasury shall be made without delay. Deposits shall be made at a time of day before the depository's specified cutoff time; but as late as possible to maximize daily deposit amounts. Receipts of \$5,000 or more shall be deposited on the same day received before the depository cutoff time. In those instances where the disbursing office business day has been advanced due to volume of transactions and balancing requirements, deposits shall be made on the disbursing office business day on which the receipts are processed into the DO's account. For example, today's calendar date is September 7 but the disbursing office business date is September 8. If receipts for the DO's business date of September 8 equal or exceed \$5,000, the receipts must be deposited prior to the end of the depository's business date of September 8. Where same-day deposit is not cost effective, next-day deposit shall be achieved. It may be necessary, therefore, for DOs to set a cutoff time in connection with the preparation of deposits, and deposit on the following day all

receipts after that time. If daily deposits of receipts of less than \$5,000 are impractical, they may be accumulated and deposited when the total reaches \$5,000. However, deposits shall be made by Thursday of each week, regardless of the amount accumulated. DOs should limit their transmittals of deposits to one per day. DOs shall separate cash from checks and prepare a separate SF 215 for each when depositing with an FRB. A cash deposit and a check deposit on the same day constitute one deposit per day. For Navy vessels in U.S. ports, deposits shall be prepared and either delivered in person or mailed via registered mail to the nearest FRB when receipts accumulate to \$5,000 as prescribed above. For Navy vessels at sea when daily mail service is not available, receipts (consisting only of personal checks, money orders and other non-Treasury negotiable instruments) may be accumulated up to \$5,000 before they must be deposited, provided that a deposit of all receipts on hand is made at least once each week. This exception does not apply to U.S. Treasury checks. The DO shall prepare the deposits for mailing via registered mail and deliver them to the Military Post Office onboard. Negotiable instruments to be deposited shall not be held in the DO's accountability pending arrival at the next scheduled port of call. Regardless of the total amount, the time interval since the last deposit, and the type of checks and negotiable instruments on hand, DOs onboard Naval vessels shall make a deposit on the last regular business day before leaving port and the first regular business day after returning to port for any at-sea period in excess of one week.

## 050202. U.S. Dollar Deposits

A. Negotiable Instruments. Negotiable instruments (e.g., Treasury checks, personal checks, travelers checks, money orders, etc.) payable in U.S. dollars shall be deposited for credit to the account of the Treasury with the nearest FRB or branch or an approved general depository. All DOs in the United States (and activities authorized to deposit to the account of a DO in the United States) shall deposit Treasury checks in the sum of \$5,000 or more with the nearest FRB or branch. For example: if the deposit includes one Treasury check for \$5,000 or more, the deposit must be made to an FRB or branch; or, if the deposit contains several Treasury checks, the total of which is \$5,000 or more,

the deposit must be made to an FRB or branch. When an FRB or branch is used, separate SFs 215 shall be prepared for each of the following deposits: (1) cash; (2) checks (e.g., Treasury checks, personal checks, money orders, travelers checks, etc.); and (3) food stamp coupon redemptions. Check endorsements, SFs 215 and debit or credit vouchers presented for deposit to an FRB or branch shall include the nine-digit CIN in Block 3 of the SF 215 (see paragraph 050102.A above). Check endorsements, SFs 215 and debit or credit vouchers presented directly to a general depository shall include the four-digit DSSN as the DO identification number in Block 3 of the SF 215. DOs located outside the continental United States may deposit all Treasury checks with an established general depository. Treasury checks (or cash, or other negotiable instruments) cannot be mailed to a general depository without the expressed permission of the Treasury Department. (NOTE: Air Force bases in Europe, without local contract military banking facilities, currently have Treasury authority to mail deposits to the contract banking facility at Frankfurt, Germany.) Canceled Treasury checks shall be deposited as prescribed in chapter 08 of this Volume.

B. Checks Drawn on Foreign Banks in U.S. Dollars Payable Through a Bank in the U.S. Checks drawn on foreign banks in U.S. dollars, which are payable through a bank in the U.S., will have an American Bankers Association (ABA) routing and transit number in the upper right hand corner and may be magnetic ink character recognition (MICR) encoded with the U.S. bank's ABA routing and transit number at the bottom left side of the check. These checks shall be grouped on a single SF 215 and deposited as prescribed in paragraph 050202.A above.

★ C. Manner of Deposit

1. Deposit by DO. Deposits shall be made in person by the DO or designated representative at an FRB or branch or an approved general depository. If deposit of checks, drafts, or money orders in person is impracticable, deposits of these instruments may be made by registered mail or courier, however, deposits of checks, drafts, or money orders by mail are normally authorized only to a FRB or branch. Cash deposits by mail shall be made only to an FRB or branch. If a deposit of cash in person is

impracticable, the next most preferred method is by armored car. The least preferred method of depositing cash is by registered mail. The cash should be double wrapped or placed in an inner and outer container. If an error is discovered after an SF 215 has been released to a depository, that document shall not be recalled or corrected; nor will a corrected SF 215 be prepared and submitted to the depository. The DO shall contact the depository and provide information on the error and request the depository to prepare: an additional SF 215 for the difference if the deposit amount is to be increased; or a SF 5515, Debit Voucher for the difference if the amount is to be decreased. Upon receipt of the additional SFs 215 or 5515, the DO shall record and report the document as prescribed in this chapter. Deposits of damaged or mutilated currency shall be made as provided in section 0505 of this chapter.

2. Deposit By Other Than DO.

When more time is required to personally turn in funds to the DO than the results would justify, taking into account the length of journey and other factors, agent officers or any other officers authorized to make collections of public funds may dispose of collected funds as shown in the following subparagraphs:

a. Approved Designated Depository Available. Agent officers or any authorized collection officer may make deposits (in person) on behalf of the DO when an approved designated depository is available. Individuals making such deposits shall follow the procedures in paragraph 050301 of this chapter for preparation of the SF 215. The confirmed copy of the SF 215 shall be submitted to the DO on the day the deposit is made with the appropriate collection vouchers and memorandum copy of SF 215.

b. Approved Designated Depository Not Available. When an approved designated depository is not available, agent officers or any authorized collecting officers may transmit cash to the DO by postal money order, bank money order, or cashier's check. The fee for purchase of the cashier's check or postal/bank money order shall be paid in cash at the time of purchase and the receipt shall be attached to the DD Form 1131. The amount of the cashier's check or postal/bank money order shall



be deducted from the total amount collected. The body of the DD Form 1131 will be prepared to show the total amount collected, the fee for cashier's check or postal/bank money order, the net collection, and the bank and date of the money order. Figure 5-11 is an example of a completed DD Form 1131.

050203. U.S. Department of Agriculture Food Stamps

A. General. Food stamps shall be deposited with the nearest FRB or branch thereof on a daily basis. In those instances where the commissary officer makes the deposit, an agreement with the DO should be made to define that responsibility.

B. Deposits. Food stamp deposits shall be accomplished using a separate SF 215 and shall be mailed registered (uninsured) mail. In addition, a properly prepared FNS Form 278, Food Stamp Redemption Certificate shall accompany the SF 215. Food stamps are exempted from the requirement to maintain a record of negotiable instruments. The separation of redeemed food stamps from other negotiable instruments is necessary due to differences in the audit and reconciliation process. See I TFM 5-2050.20d (reference (w)).

C. Lost, Stolen, or Destroyed Food Stamps

1. Food Stamps Lost, Stolen, or Destroyed While in the Custody of a Commissary Officer. Food stamps represent cash, and all security procedures for cash handling shall be observed. Food stamps are accounted for by the Department of Agriculture (USDA) while other negotiable instruments are accounted for by the Treasury. The USDA Food and Nutrition Service (FNS) is not liable for the value of any coupons lost, stolen, or destroyed while in the custody of an insured financial institution or for the value of coupons lost, stolen, or destroyed while in transit from an insured financial institution to an FRB. USDA has interpreted that DoD DOs (including deputies, agents, cashiers and custodians) fall within the definition of an insured financial institution. Food stamps in the custody of the commissary officer which are lost, stolen, or destroyed shall be treated as a physical loss of funds on the part of the commissary

officer in accordance with chapter 06 of this Volume. Also, if an FRB determines that one or more coupons are missing from a deposit received by the FRB, the FRB shall issue an SF 5515. The SF 5515 shall be recorded in the DO's accountable records in the normal manner and treated as a physical loss of funds on the part of the commissary officer in accordance with chapter 06 of this Volume.

2. Food Stamp Deposits Lost, Stolen, or Destroyed Before Arrival at the FRB.

There may be instances where an entire deposit of coupons is lost, stolen, or destroyed before arrival at the FRB. Evidence of this should be detected through non-receipt of the confirmed copy of the SF 215. If the lost transaction cannot be resolved, a descriptive OF 1017-G, Journal Voucher shall be prepared and recorded in the DO's accountable records in the same manner as an SF 5515 would be recorded. If the commissary officer has assumed the deposit responsibility as a custodian for the DO, the deficit can only be cleared by treating the lost food stamp(s) as a loss of funds on the part of the commissary officer in accordance with chapter 06 of this Volume. The commissary officer must either recover the lost food stamps, request relief of liability, or consider the lost stamp(s) a loss of commissary receipts (operating funds). The DO shall prepare a reverse DD Form 1131, Collection Voucher citing the same accounting classification as the stamps were originally collected into. Include on the DD Form 1131 an explanation to the effect that: the FRB has claimed one or more of the food stamps were not included in the deposited package and that there was no evidence the package had been tampered with; or food stamps were not received by the FRB. A copy of the DD Form 1131 shall be given to the commissary officer. The reverse DD Form 1131 shall be used to clear the deficit from the DO's accountability only after the loss of funds has been properly reconciled according to chapter 06 of this Volume. If the DO has assumed the deposit responsibility, the deficit can only be cleared by treating the lost food stamp(s) as a loss of funds on the part of the DO. Lost food stamps are considered a physical loss and shall be processed as prescribed in chapter 06 of this Volume.

050204. Foreign Currency Deposits. See chapter 13 of this Volume.

050205. Reporting Large Deposits. To permit the Treasury to manage its balances at each FRB, DOs depositing a single check totaling \$50 million or more, or several checks of a similar nature (e.g., 25 checks from vendors totaling \$50 million or more), excluding all Treasury checks, shall notify the Treasury on the same day the deposit is made. The report can be made by telephone or by facsimile transmission (FAX). The commercial phone number for reporting deposits to the Treasury is (202) 208-1500 or FTS 268-1500. The FAX number for the Treasury is commercial (202) 208-1633 or FTS 268-1633. The report shall state as a minimum: the name of the Component (e.g. Air Force) and DSSN; the amount of the deposit; and the name and location of the depository. After the deposit is made, a memorandum for the record shall be prepared showing the above information and shall be filed with the DO's monthly retained financial records.

050206. Reporting Large Fedwire Deposit System (FDS) Deposits. The Treasury is solely responsible for managing the Federal Government's daily cash position. Deposit transactions affecting the cash position shall be made known to Treasury in advance of the time of actual deposit. DOs shall give Treasury 2 days' advance notice for deposits that are \$50 million or more in a single transaction, or in multiple transactions of a common nature that will be deposited via the FDS. If actual data is not available, an estimate is considered appropriate. The following information should be provided: the name of the Component (e.g. Army) and DSSN; the DO's name and telephone number; the date of the deposit; the amount of the deposit (\$00.00); a brief description of the transaction; the appropriation account symbol credited; and the depository name and location. The above information shall be transmitted via FAX (202) 208-1633 or (202) 208-1820 to the Cash and Debt Management Branch, Financial Management Service, or by telephone to (202) 208-1771.

050207. Sorting and Listing of Instruments Deposited

A. General Depositories. Checks deposited with general depositories need not be sorted, but shall be accompanied by an adding machine tape or other listing, unless other arrangements have been made with the depository.

NOTE: As explained in the paragraph 050202.A above, all DOs in the United States (and activities authorized to deposit to the account of a DO in the United States) shall deposit Treasury checks in the sum of \$5,000 or more with the nearest FRB or branch.

B. Federal Reserve Banks

1. Check Deposits. Checks deposited with an FRB or branch need not be sorted, but shall be accompanied by an adding machine tape or other listing showing the amount of each check and the total amount of the deposit. The checks, with supporting documentation, shall be delivered to the FRB separate from any cash which the DO may also be depositing with the FRB that same day.

2. Cash Deposits. Deposits of cash shall be made on a separate SF 215. All currency shall be sorted by denomination, face and top up, and deposited in full packages (100 notes) of each denomination; \$1, \$2, \$5, \$10, \$20, \$50, and \$100. Partial packages shall be prepared for each denomination that does not make a full package. Each package (full or partial) shall be secured with a non-denominational strap. The DO can obtain these straps from a commercial supplier. The total dollar amount contained in each package of currency and the DSSN shall be legibly indicated on each non-denominational strap. Coins shall be rolled whenever possible. The SF 215 shall be accompanied by an adding machine tape or other listing reflecting, by denomination, the total of currency and coin being deposited.

050208. Endorsement of Negotiable Instruments

A. Area for Endorsements. With the enactment of the Expedited Funds Availability Act on September 1, 1988, (reference (ac)), restrictions were established for placement of payee endorsements. Negotiable instruments shall be endorsed on the back of the instrument in the 1 and 1/2 inch space along the "trailing edge." When viewing the face (front) of a check, the trailing edge is the left hand edge. Normally, the endorsement will consist of the name of the payee and other identifying information required by the activity cashing the check. When the DO is preparing checks made payable to the DoD, a DoD Component, another Govern-

ment agency, or the DO for deposit, the endorsement stamp required by paragraphs 050208.C or 050208.D below shall appear in this space. When multiple endorsements occur (or the space is used by a qualified endorsement such as for checks endorsed over to the DO by the payee) and the DO's endorsement will require space beyond the first 1 1/2 inches from the trailing edge, the DO's endorsement shall use the assigned space for subsequent endorser (the back of the check in the upper right hand corner, no more than 3 inches from the right hand edge (leading edge) of the check). Do not refuse a check if the area assigned for the bank of first endorsement has been used. Such checks are acceptable but will not be processed by the banking system in the prescribed time frames under reference (ac), which could hamper collection action. Blue or black ink is preferable for endorsements.

B. Endorsement Statement. The following endorsements for negotiable instruments are minimum requirements. Activities with stamps containing additional information may use them so long as the endorsement can be contained within the 1 1/2 inch area assigned for payee endorsers. Treasury has expanded the DSSN number for the disbursing or collecting official's endorsement to a Ca\$h-Link Identification Number (CIN) which includes four zeroes, the DSSN, a hyphen, and a check digit when depositing to an FRB or branch. The CIN is calculated as explained in table 5-1. Figures 5-1 through 5-3 are examples of endorsements on negotiable instruments received directly by DOs. To eliminate separate endorsements by collecting officials and DOs, collecting officials shall endorse negotiable instruments as shown in figures 5-4 through 5-6.

C. Endorsements on Negotiable Instruments Deposited With an FRB or Branch. DOs depositing directly with an FRB may function as the bank of first deposit on behalf of the FRB. Prior FRB approval must be obtained from the FRB before this activity is begun. Since little advantage is gained by the DO's assuming this responsibility, DOs shall advise the servicing DFAS Center if an FRB or the Treasury requests that they function as a bank of first deposit. All checks, drafts, and money orders in payment of an obligation due the United States, regardless of the payee to which drawn (including the Treas-

ury, the DoD, and any officer of the Government), shall be endorsed on the back of the instrument in the 1 and 1/2 inch space along the trailing edge (see figures 5-1 and 5-4). The nine-digit number is the disbursing office's CIN. Agencies may use a stamp, or insert the CIN by hand. The date may be filled in either manually or mechanically with the date on which the deposit is made. This date shall correspond with the bank's business day as explained in paragraph 050201 of this section.

D. Endorsements on Negotiable Instruments Deposited With a General Depository. All negotiable instruments in payment of an obligation due the United States, regardless of the payee to which drawn shall be endorsed on the back of the instrument in the 1 and 1/2 inch space along the trailing edge (see figures 5-2 and 5-5). The blank following "U.S." shall contain the Component name (i.e. Army, Navy, Air Force, Marine Corps). The blank following "DSSN" shall contain the four-digit disbursing activity DSSN which may be entered manually, mechanically, or be included as a part of the stamp itself. The blank following "Date" may be filled in either manually or mechanically with the date on which the deposit is made. This date shall correspond with the bank's business day as explained in paragraph 050201 of this section.

E. Conditional Endorsements. Do not accept checks with conditional endorsements such as payment in full notations, when less than the total amount due the United States is paid. Return these checks to the drawers and advise them that the DoD cannot legally accept them.

★050209. Record of Negotiable Instruments Deposited. DOs shall keep a complete descriptive record of all negotiable instruments mailed or presented to depositories. This record may be photocopy or microfilm records of both sides of the instruments if the source of the instrument is shown. Where photocopying or microfilming facilities are not available, the record shall be a typed or written list containing the: source of the instrument; name of the financial institution on which drawn; type of instrument; serial number; payee; maker; endorser (name of person from whom received if other than drawer); date drawn; and amount. Copies of collection vouchers or other documents that show the same data

forementioned may be used as the record of instruments. If an item is lost in banking channels, the DO may be held pecuniarily liable if the maker of the check cannot be identified in order to contact that person for a replacement. Therefore, photocopied, microfilmed, or prepared lists of instruments deposited shall be kept in active files until receipt of the deposit is acknowledged. They may then be filed as supporting documents to the retained copy of the SF 215 and the SF 1219 which covers the period in which the deposits were made.

050210. Lost Negotiable Instruments. When a negotiable instrument is lost, whether before or after deposit, the DO shall adjust the effected accounts and immediately request that the maker of the instrument stop payment and replace it with a new check or other form of payment.

050211. Disposition of Funds on Transfer or Reassignment Without Relief. Funds in the possession of a DO transferred or reassigned without being relieved by another DO shall be deposited prior to transfer or reassignment. All receipts for cash funds held by deputies, agents, and/or cashiers, including imprest funds and change funds, shall be redeemed and the funds included in the final deposit. Each deposit made during the period, including the final deposit, shall be reported on the SF 1219 whether or not an acknowledged copy of the SF 215 is received prior to transfer or reassignment.

#### 0503 DEPOSIT TRANSACTIONS

##### 050301. SF 215, Deposit Ticket

A. General. Deposits shall be accompanied by an SF 215 prepared by the DO in quintuplicate. The SF 215 is designed to be processed on optical character recognition equipment; therefore, it is essential that the following requirements be strictly adhered to. Typing in blocks two, three, four, and five (memorandum copy) must be single-spaced horizontally and typed with certain fonts. Typeovers, erasures, and other corrections cannot be made to entries in these blocks. The SF 215 shall be typed with American National Standards Institute Optical Character Recognition A font (ANSI OCR-A) 10-pitch type. If an ANSI OCR-A is not available, PICA, 10-pitch should be used. An undesirable, but acceptable type font is ELITE, 12-pitch.

Specialty type such as Adjutant, Advocate, Artisan, Courier, Delegate, Gothic, Italic, Scribe, Script, etc., are not acceptable. An example of SF 215 is shown as figure 5-7. The SF 215 shall be prepared as described below:

1. Deposit Number - Block (1). Each SF 215 contains a preprinted six-digit deposit number used by Treasury's central accounting and reporting systems as the basis for generating audit and reconciliation reports for depositor agencies. The preprinted number shall not be altered, typed over, or changed in any manner. Although prenumbered, it is not necessary to account for voided or spoiled forms.

2. Date Presented or Mailed to Bank - Block (2). Type the date that the document is either mailed to an FRB or branch or, if delivered to a general depository, the banking business date of the depository at time of presentation. The date shall consist of 2-digit single spaced groups in month, day, and year order; separated by hyphens and zero-filled for single digit dates.

3. Eight-Digit Agency Accounting Station Code or Four-Digit Disbursing Office Symbol - Block (3). Type the nine-digit CIN for deposits to an FRB or branch, or the four-digit DSSN for deposits to general depositories. Entries shall be left justified and single spaced.

4. Amount - Block (4). Type the total amount of the deposit, including cents. Normal punctuation of commas and decimal points shall be used, however, dollar and cent signs shall be omitted.

5. Date Confirmed by Bank - Block (5) (Memorandum Copy). Leave blank. To be completed after confirmed copy is received from the depository.

6. Agency Use - Block (6). Block 6 may be used to enter descriptive data regarding the deposit such as: "Prepared by \_\_\_\_\_"; "Verified by \_\_\_\_\_"; and "Deposited by \_\_\_\_\_"; with the applicable initials of the person who performed these tasks. (If a commissary deposit, the commissary store number and location shall be entered in this block. Also, if the deposit is made with a branch bank, the name and location of the branch shall be entered in this block.)

7. Name and Address of Depository - Block (7). Type the name and address of the depository to which the SF 215 is mailed or presented.

8. Depository Certification - Block (8). Leave blank. The depository will complete this block.

9. Depositors Title, Department or Agency and Address - Block (9). Type the complete mailing address of the disbursing activity in this block.

B. Distribution and Disposition. The original, depository, and confirmed copies of the SF 215 shall be delivered or submitted to the depository with the funds/instruments deposited. The DO shall retain the memorandum and agency copies in a suspense file to assure that all deposits are in fact confirmed by the depository. The DO shall take follow-up action on unconfirmed deposits as prescribed in paragraph 050403 below. When the confirmed copy is received from the depository, the date confirmed shall be transcribed to the agency copy. Based on the specific requirements of the servicing DFAS Center or FIPC, the confirmed copy shall be submitted as part of the financial reports for that month. In those instances where a deposit is not confirmed in the same month as mailed, the servicing DFAS Center or FIPC may require the DO to submit the memorandum copy in support of the reported deposit activity for that month and to submit the confirmed copy with the financial reports for the month in which the confirmed copy is received. NOTE: When a deposit is presented or mailed to a depository and the DO receives the confirmed copy of the SF 215 in the same month (as presented or mailed), only the confirmed copy is required to be submitted with the monthly financial reports. The agency copy is always retained by the DO as part of the retained financial records. The sum of all deposits presented or mailed to a depository shall be reported in Column (2), Section II, Part B of the SF 1219 for the month in which the deposit was presented or mailed.

C. Accounting for Deposits. After netting out all the SFs 5515 (except for EFT SFs 5515) to be accounted for in the current business day, enter the total of all the deposits to be accounted for during the business day (including

SFs 215 received from a depository to adjust a deposit) on line 4.2A of the DD Form 2657. At the end of the accounting period (month), the memorandum or confirmed copies of each SF 215 (and SFs 5515, including EFT SFs 5515) applicable to the current accounting period (only) are used to prepare the detailed deposit activity report to support of the SF 1219. The total of the detailed deposit activity report must agree with the total reported on line 4.2 on the face of the SF 1219 and with the total reported in Column (5), Section II, Part B, on the reverse of the SF 1219.

#### 050302. SF 5515, Debit Voucher

A. General. When a check is returned unpaid to the depository with which the check was originally deposited, the depository may prepare and execute an SF 5515 to charge the depositing DSSN. The depository may also prepare an SF 5515 charging the depositing DSSN whenever a check is lost after deposit. SFs 5515 may also be issued by depositories and by the Treasury to establish other valid charges against a DO's account. Such charges include exchange fees and other collection charges assessed in connection with foreign instruments deposited. The DO shall immediately record all SFs 5515 received in the DD Form 2657. The SFs 5515 shall be included in the SF 1219 for the month in which received.

#### B. Action by the DO

1. Non-tactical Disbursing Activities. For SFs 5515 received in connection with returned unpaid checks, the DO shall take action as prescribed in chapter 04 of this Volume for dishonored checks. For SFs 5515 received in connection with checks lost after deposit, the DO shall take action as indicated in paragraph 050210 of this chapter. New checks received pursuant to action taken by the DO shall be processed as a new deposit. Charges for handling foreign checks shall be processed as prescribed in chapter 13 of this Volume.

2. Tactical Disbursing Activities. DOs receiving SFs 5515 shall comply with the above provisions whenever any one of the following conditions exist: the deposit (which included the lost or dishonored check) was made during the incumbency of the current DO; the

deposit (which included the lost or dishonored check) was made during the incumbency of a DO whose account is being subjected to the 90-day local retention period; or, the maker or endorser of the lost or dishonored check is locally available for collection action. If none of the foregoing conditions apply, the current DO shall forward the SF 5515 by cover letter to the activity designated to settle the former DO's account. A copy of the cover letter shall be sent to the issuing depository. In addition to the SF 5515, the letter shall contain either the original dishonored check as returned by the depository or in the case of lost checks, a copy of the relevant abstract from the listing of instruments deposited. In all cases, the cover letter shall contain the most recent information concerning the present location and status of the maker or endorser of the check in question.

C. Special Arrangement With Depository. The DO and the depository may enter into a special arrangement whereby unpaid checks will be automatically returned directly to the DO to be replaced by new checks. Under such an arrangement, the depository would not issue an SF 5515 unless the unpaid checks were not replaced within an agreed period of time.

D. Distribution. The SF 5515 is a four-part document. Two copies are retained by the depository. The memorandum and the confirmed copies are forwarded to the DO. The DO shall forward the confirmed copy in support of the monthly financial reports. The memorandum copy shall be retained with the DO's retained financial records. An example of SF 5515 is shown as figure 5-8.

E. Accounting. SFs 5515 are accounted for as negative deposits. As noted in paragraph 050301.C above, all SFs 5515 (except for EFT SFs 5515) to be accounted for in the current business day are netted against all deposits to be accounted for during the business day, and the total recorded on line 4.2A of the DD Form 2657. EFT SFs 5515 are recorded on line 4.2B. At the end of the accounting period (month), the memorandum or confirmed copies of each SF 5515 (including EFT SFs 5515) and each SF 215 applicable to the current accounting period (only) are used to prepare the detailed deposit activity report to support Section II, Part B of the SF 1219. The total of the detailed deposit activity

report must agree with the total reported on line 4.2 on the face of the SF 1219 and with the total reported in Column (5) Section II, Part B, on the reverse of the SF 1219.

#### 0504 DEPOSIT RECONCILIATION

★050401. General. All DOs are required to report deposit activity in connection with their financial reports. NOTE: Until a standard deposit reporting and reconciliation system is implemented, each disbursing office shall continue to prepare and submit the detailed deposit activity report formerly required by the respective Component. For example: Army disbursing offices shall continue to report SF 215 and SF 5515 information in the Data Element/Accounting Reporting System; Air Force disbursing offices shall continue to use the Deposits in Transit System (6J record); and Navy and Marine Corps disbursing offices shall continue to prepare and submit the monthly Schedule of Deposit Activity as prescribed in paragraph 050417 of this section. These inputs are ultimately provided to the Treasury, who also receives detailed reports from each depository of all deposits received and all SFs 5515 issued. Monthly, the Treasury compares the deposits and debit vouchers reported by DOs on statements of accountability to the deposits and debit vouchers reported through the banking system. When the Treasury is unable to reconcile the information contained in the two reporting systems, a statement of differences will be forwarded to the applicable DFAS Center for reconciliation. All differences which have not been reconciled after 6 months from the date of initial reporting are automatically charged back to the DSSN by the Treasury as a credit or debit to Budget Clearing Account (Deposits) \*\*F3878. This action constitutes transfer to the administrative accounts of the DO (i.e., transfers liability for the unreconciled difference to the DO). Therefore, it is imperative that DOs promptly and properly report all SFs 215 and SFs 5515. Differences occur when: a deposit that was mailed was not received by the depository (e.g., a deposit delayed or lost in transit); the DO or the depository fail to report an SF 215 or SF 5515; the DO reports an SF 215 or SF 5515 number, date, DSSN, or amount incorrectly on the detailed deposit activity report; or the depository reports an SF 215 or SF 5515 number, date, DSSN, or amount incorrectly to Treasury. Once



an SF 215 or SF 5515 has been reported, the documents cannot be changed, corrected, or reversed. Any differences shall be corrected through the reconciliation and/or Budget Clearing Account (Deposits), \*\*F3878, process. Aggressive action must be taken to clear the charges and credits entered in this account as rapidly as possible (that is, the account must be returned to a zero balance as rapidly as possible). Transactions in this account must not be allowed to become stale or unidentifiable. An unidentifiable balance may result in a DO loss of funds and associated liability. To maintain control, either a manual or mechanized subsidiary record must be maintained of each entry into \*\*F3878 that makes up the current cumulative balance of the account. The DO or primary deputy shall review the balance of account \*\*F3878 at least once each month to assure all necessary actions are being taken to clear these balances. Also, each time there is a change of DOs, balances in this account shall be validated by the incoming DO. If the departing DO cannot provide the incumbent DO with documentation supporting the \*\*F3878 items, the departing DO shall process all unsupported items as a loss of funds as prescribed in chapter 06 of this Volume. The DO shall certify the balance of this account quarterly to the servicing DFAS Center.

050402. Deposits Not Reported by DOs. If a DO fails to include a deposit transaction on the SF 1219 (and the detailed deposit report) but the deposit is reported to Treasury by the depositary, the deposit will appear on the monthly statement of differences from the Treasury. In addition, failure to report a deposit on the SF 1219 (or detailed deposit report) should create a shortage of funds unless the DO also failed to record collection of a receivable. Proper balancing procedures will not allow this situation to occur. Correct the discrepancy by processing the collection and reporting both the collection and the deposit on the SF 1219. If the discrepancy is not corrected and the deposit reported by the DO within 6 months from the date of the original transaction (deposit), Treasury will credit \*\*F3878 for the amount of the deposit. To correct the discrepancy after Treasury has credited \*\*F3878, prepare an SF 1081 crediting the appropriation that should have been credited when the collection was received and charging \*\*F3878. If the collection was for a receivable on the SF 1219 that does not involve an appropriation, the SF

1081 will be a one-sided transaction charging \*\*F3878. The offsetting entry will be a decrease to the receivable. In either of these transactions, \*\*F3878 will be zeroed insofar as this particular deposit is concerned. **NOTE:** Once Treasury has credited \*\*F3878 for an unreported deposit, the deposit cannot be reported on the SF 1219. To do so will create another deposit discrepancy because Treasury will not receive a matching deposit report from the depositary.

050403. Deposits Not Reported by Depositaries. SFs 215 which have been reported by DOs but not by the depositary will also appear on the monthly statement of differences from the Treasury. If no confirmation copy is received from the depositary within a reasonable period of time, the DO shall initiate follow-up action with the depositary to determine the status of the deposit. A reasonable period of time is considered to be the normal mailing time from the date mailed to the depositary until the date a confirmation copy is received based on past experience. For tactical DOs, consideration should also be given to unit's movement schedule and location when the deposit was mailed. In any event, follow-up action shall be initiated within 45 days from the date the deposit was mailed. Follow-up requests to the depositary should include a copy of the SF(s) 215 and a description or copies of the instruments included in the deposit. The depositary should provide a confirmation copy or confirmation information to the DO in response to the follow-up memorandum. A depositary response acknowledging receipt of the deposit may be used as the confirmation copy if the actual confirmation copy cannot be provided. If the depositary had neglected to report the deposit and reports it within 6 months from the date of the deposit, no further action by the DO is required. If the deposit is not reported by the depositary within 6 months from the date of the deposit, Treasury will charge \*\*F3878 for the amount of the deposit. If the depositary had neglected to report the deposit to the Treasury and reports the deposit after 6 months from the date of the deposit, Treasury will not find the matching report from the DO because it was properly reported 6 months earlier and will credit \*\*F3878 after 6 months. Since this action will bring \*\*F3878 back to a zero balance (for this deposit), no further action by the DO is required. If the follow-up action does not result in confirmation of the deposit or the depositary notifies

the DO that the deposit was not received, the deposit transaction shall be reversed in the DO's current business. To reverse the transaction, the DO shall prepare and process a one-sided SF 1081 crediting \*\*F3878. The offsetting entry is a loss of funds in the DO's accountability. A copy of the follow-up memorandum to the depository and the depository's response shall be attached as supporting documents to the SF 1081. The Treasury's charge to \*\*F3878 after the 6 month period will offset this credit and balance the \*\*F3878 account for this deposit. The loss of funds shall be reported and processed as prescribed in chapter 06 of this Volume. If negotiable instruments were included in the lost deposit, the action prescribed in paragraph 050210 of this chapter shall be taken for those instruments.

**050404. Deposit Number Reported Incorrectly.** A deposit discrepancy can be caused by erroneous reporting of the SF 215 number by either the DO or the depository. In most instances, this discrepancy should be detected upon receipt of the monthly statement of differences. Since the SF 215 cannot be recalled, corrected, or reversed, both a charge and a credit to \*\*F3878 result because Treasury cannot find a match between the SF 215 numbers as reported. No adjustment action is required by the DO since the charge and credit to \*\*F3878 offset each other.

**050405. Deposit Date Reported Incorrectly.** As with SF 215 number discrepancies, different recording of the SF 215 date by the DO and the depository will result in a discrepancy on the monthly statement of differences from Treasury and eventually in offsetting charges and credits to \*\*F3878. An SF 215 date discrepancy is usually caused when a depository makes a unilateral change to the SF 215 date based on the date of receipt (a deposit that was mailed). As with SF 215 number discrepancies, no adjustment action is necessary since the charge and credit to \*\*F3878 offset each other.

**050406. Deposit Amount Reported Incorrectly.** When an SF 215 amount is reported differently by the DO and the depository, the discrepancy will appear on the monthly statement of differences from Treasury and Treasury will (after 6 months) issue a charge or credit to \*\*F3878 representing the difference between the two reports. If the amount reported by the depository is larger than the amount reported by the

DO, a credit will be received. If the amount reported by the depository is smaller, a charge will be received. If the depository made the error, contact the depository and request a correction of the reported deposit amount. A correction by the depository will result in an offsetting charge or credit (as applicable) to \*\*F3878. If the DO reported the amount incorrectly on the SF 1219, prepare and process an SF 1081 offsetting the charge or credit (as applicable) to \*\*F3878. A credit to \*\*F3878 usually indicates an understatement of the deposit amount on the SF 1219. A charge to \*\*F3878 usually indicates an overstatement of the deposit amount on the SF 1219. Record an SF 1081 crediting \*\*F3878 as a refund on line 4.1B of the DD Form 2657 and a charge to the appropriation that was over-collected or as an increase to the receivable that was over-credited. Record an SF 1081 charging \*\*F3878 as a gross disbursement on line 4.1A of the DD Form 2657 and as a credit to the appropriation that was under-collected or as a decrease to the receivable that was under-credited.

**050407. Over and Understated Deposits.** Another type of reconciliation becomes necessary when an SF 215 amount is over or understated. Normally, the depository will confirm the deposit as presented and immediately issue an SF 5515 for the amount of the overage or an SF 215 for the amount of the shortage. In either of these situations, the DO should have detected an overage of funds for an overstated deposit or a shortage of funds for an understated deposit upon the first balancing after the deposit was recorded and presented or mailed to the depository. If actions required by chapter 06 of this Volume have been taken to record the overage or shortage of funds, receipt of the additional adjusting SF 215 or SF 5515 from the depository will enable a more rapid settlement of the overage or shortage in the DO's accountability. If an overage or shortage of funds was not detected, receipt and recording of the additional adjusting SF 215 or SF 5515 will create an overage or shortage, in which case action shall still be taken to process the overage or shortage as prescribed in chapter 06 of this Volume.

**050408. Depositing DSSN Reported Incorrectly.** When a DO inserts an erroneous DSSN on an SF 215, two mismatches will occur at Treasury. The depositing DO will report the correct DSSN on



the SF 1219, but the depository will report the DSSN shown on the SF 215. Neither of these reported deposits will match and both transactions will appear on the monthly statement of differences from Treasury for the DSSNs. The DO (whose DSSN was cited on the SF 215) receiving the statement of differences will have no record of the deposit since it was made by another DSSN and erroneously cited his or her DSSN. After the 6 month period, Treasury will issue the DSSN shown on the SF 215 a credit to \*\*F3878 and will also issue the DSSN of the DO who reported the deposit on the SF 1219 a charge to \*\*F3878. No action by the DO whose DSSN was erroneously cited is required. Upon receipt of the monthly statement of differences, the DO who made the deposit shall verify the nature of the error and shall contact the DO whose DSSN was erroneously cited on the SF 215 and advise that the deposit discrepancy was inadvertently made and will be corrected as soon as possible. To correct the error, the depositing DO shall prepare a new SF 215 citing the proper DSSN and an SF 5515 citing the same (erroneous) DSSN cited on the original deposit. The same date and amount reported on the original SF 215 shall be used on these documents to preclude another 6-month wait before the charges and credits to \*\*F3878 are received. The DO shall ask the depository to process both documents. Normally, the depository will not object since the documents net to zero. At month end, the depositing DO shall report both the SF 215 and the SF 5515 under his or her DSSN (even though the SF 5515 cites an erroneous DSSN) on the detailed deposit report and the SF 1219. The SF 5515 will appear on the monthly statement of differences because there will be no matching report from the DO of that DSSN. After the 6 month period, Treasury will issue the DSSN shown on the SF 5515 a charge to \*\*F3878. This charge will offset the credit issued for the original SF 215 which was not reported by the DSSN erroneously cited on the SF 215. Treasury will also issue the DSSN reporting the SF 5515 a credit to \*\*F3878 because there will be no matching report from the depository for that DSSN. This credit to \*\*F3878 will offset the charge for the original deposit which was reported by the depositing DSSN but could not be matched because the SF 215 cited an erroneous DSSN.

050409. Debit Vouchers Not Reported by DOs. SFs 5515 issued by depositories are automatically

reported to the Treasury. The depository forwards the memorandum and confirmed copies of the SF 5515 to the DO for reporting. If the SF 5515 should have been charged to a different DSSN, follow the adjustment procedure in paragraph 050415. Unless the DSSN appearing on the SF 5515 is not the DSSN of the DO receiving the document, the SF 5515 shall be recorded and reported upon receipt. This requirement to record the SF 5515 applies regardless of whether or not the SF 5515 is deemed erroneous or if the reason given for the charge needs further clarification. If the DSSN cited on the SF 5515 is not the DSSN of the receiving disbursing office, the document shall be forwarded to the disbursing office whose DSSN is on the document or returned to the depository if the identity and location of the disbursing office cannot be determined. If a DO fails to report an SF 5515 on the SF 1219 but the SF 5515 is reported to Treasury by the depository, the SF 5515 will appear on the monthly statement of differences from the Treasury. If the SF 5515 is not reported by the DO within 6 months from the date of the original transaction (SF 5515), Treasury will charge \*\*F3878 for the amount of the SF 5515. To correct the discrepancy after Treasury has charged \*\*F3878, prepare a one-sided SF 1081 crediting \*\*F3878. Record the SF 1081 on line 4.1B of the DD Form 2657 and as an increase to line 7.2B or, if appropriate, to line 7.4 as a dishonored check. If the dishonored check was received as a collection, process a negative DD Form 1131 to reverse the earlier collection and provide a copy of the voucher to the collecting officer for appropriate collection action on the dishonored check. **NOTE:** Once Treasury has charged \*\*F3878 for an unreported SF 5515, the SF 5515 cannot be reported on the SF 1219. To do so will create another discrepancy because Treasury will not receive a matching SF 5515 report from the depository.

050410. Debit Vouchers Not Reported by Depositories. SFs 5515 which have been reported by DOs but not by the depository will appear on the monthly statement of differences from the Treasury. If no confirmation copy is received from the depository within a reasonable period of time, the DO shall initiate follow-up action with the depository to determine the status of the SF 5515. Follow-up requests to the depository should include a copy of the SF(s) 5515 and a description of the purpose or copies of the

documents included with the SF 5515. The depository should provide a confirmation copy or confirmation information to the DO in response to the follow-up memorandum. If confirmed, the depository response may be used as the confirmation copy if the actual confirmation copy cannot be provided. If the depository had neglected to report the SF 5515 and reports it within 6 months from the date of the SF 5515, no further action by the DO is required. If the SF 5515 is not reported by the depository within 6 months from the date of the SF 5515, Treasury will credit \*\*F3878 for the amount of the SF 5515. If the depository had neglected to report the SF 5515 and reports it after 6 months from the date of the SF 5515, Treasury will not find the matching report from the DO because it was properly reported 6 months earlier and will charge \*\*F3878. Since this action will bring \*\*F3878 back to a zero balance (for this SF 5515), no further action by the DO is required.

**050411. Debit Voucher Number Reported Incorrectly.** A deposit discrepancy can be caused by erroneous reporting of the SF 5515 number by either the DO or the depository. In most instances, this discrepancy should be detected upon receipt of the monthly statement of differences from Treasury. Since the SF 5515 cannot be recalled, corrected, or reversed, both a charge and a credit to \*\*F3878 will result because Treasury will not find a match between the SF 5515 numbers reported. No adjustment action is required since the charge and credit to \*\*F3878 offset each other.

**050412. Debit Voucher Date Reported Incorrectly.** As with SF 5515 number discrepancies, different recording of the SF 5515 date by the DO and the depository will result in a discrepancy on the monthly statement of differences from Treasury and eventually in offsetting charges and credits to \*\*F3878. No adjustment action is necessary since the charge and credit offset each other.

**050413. Debit Voucher Amount Reported Incorrectly.** When an SF 5515 amount is reported differently by the DO and the depository, the discrepancy will appear on the monthly statement of differences and Treasury will (after 6 months) issue a charge or credit to \*\*F3878 representing the difference between the two reports. If the amount reported by the deposi-

tary is larger than the amount reported by the DO, a charge will be received. If the amount reported by the depository is smaller, a credit will be received. If the depository made the error, contact the depository and request a correction of the reported amount. A correction by the depository will result in an offsetting charge or credit (as applicable) to \*\*F3878 and no further action is required. If the DO reported the amount incorrectly on the SF 1219, prepare and process a one-sided SF 1081 offsetting the charge or credit (as applicable) to \*\*F3878. A Treasury charge to \*\*F3878 usually indicates that the DO understated the reduction of deposits on line 4.2A of the DD Form 2657. A Treasury credit to \*\*F3878 usually indicates reduction of deposits was over-stated.

A. If the initial recording of the SF 5515 was to increase line 7.2B of the DD Form 2657, and Treasury charges \*\*F3878, record the one-sided SF 1081 crediting \*\*F3878 as an increase to line 4.1B and an increase to line 7.2B. If Treasury credits \*\*F3878, record the one-sided SF 1081 charging \*\*F3878 as an increase to line 4.1A and a decrease to line 7.2B.

B. If the initial recording of the SF 5515 was to reduce a collection previously made to an appropriation, and Treasury charges \*\*F3878, prepare a two-sided SF 1081 crediting \*\*F3878 and charging the appropriation or fund initially credited and record the SF 1081 as a decrease to line 4.1E and an increase to line 4.1B. If Treasury credits \*\*F3878, prepare a two-sided SF 1081 crediting the appropriation or fund initially credited and charging \*\*F3878. Record the SF 1081 as an increase to line 4.1A and an increase to line 4.1E.

**050414. Debit Voucher DSSN Reported Incorrectly by DO.** Generally, a DO only prepares SFs 5515 in conjunction with EFT payments. When a DO inserts an erroneous DSSN on an SF 5515, two mismatches will occur at Treasury. The preparing DO will report the correct DSSN on the SF 1219, but the depository will report the DSSN shown on the SF 5515. Neither of these reported SFs 5515 will match and both transactions will appear on the monthly statement of differences from Treasury for the DSSNs. The DO (whose DSSN was cited on the SF 5515) receiving the statement of differences will have no record of the transaction since it was made by

another DSSN and erroneously cited his or her DSSN. After the 6 month period, Treasury will issue the DSSN shown on the SF 5515 a charge to \*\*F3878 and will also issue the DSSN of the DO who reported the SF 5515 on the SF 1219 a credit to \*\*F3878. No action by the DO whose DSSN was erroneously cited is required. Upon receipt of the monthly statement of differences, the DO who made the error shall verify the nature of the error and contact the DO whose DSSN was cited on the SF 5515 and advise that the deposit discrepancy was inadvertently made and will be corrected as soon as possible. To correct the error, the DO who made the error shall prepare a new SF 5515 citing the proper DSSN and an SF 215 citing the same (erroneous) DSSN cited on the original SF 5515. The same date and amount reported on the original SF 5515 shall be used on these documents to preclude another 6-month wait before the charges and credits to \*\*F3878 are received. The DO shall ask the depository to process both documents. Normally, the depository will not object since the documents net to zero. At month end, the DO who made the error shall report both the SF 215 and the SF 5515 under his or her DSSN (even though the SF 215 cites an erroneous DSSN) on the detailed deposit report and the SF 1219. The SF 215 will appear on the monthly statement of differences because there will be no matching report from the DO of that DSSN. After the 6 month period, Treasury will issue the DSSN shown on the SF 215 a credit to \*\*F3878 because there will be no matching report from the DO of that DSSN. This credit will offset the charge for the original SF 5515. Treasury will also issue the DSSN of the DO who reported the SF 215 a charge to \*\*F3878 because there will be no matching report from the depository for that DSSN. This charge to \*\*F3878 will offset the credit for the original SF 5515 which cited the erroneous DSSN.

**050415. Debit Vouchers Prepared Incorrectly by Depositories.** If a depository prepares an SF 5515 and charges an incorrect DSSN, the DO whose DSSN has been charged in error shall, upon receipt of the SF 5515, prepare an SF 215 to offset the debit. The usual copies of the SF 215 and the unpaid check shall be forwarded to the depository with an explanation of the action being taken. The DO shall report the SF 5515 and the SF 215 in the normal manner on the daily and

monthly statements of accountability and the detailed deposit activity report.

**\*050416. Ca\$h-Link Agency Access System.** The Ca\$h-Link Agency Access System was developed by the Treasury Department to assist agencies in reconciling deposit transactions. Use of the system allows early access to deposit transaction information and gives the DO the opportunity to take immediate action to correct a deposit discrepancy (regardless of dollar value) long before the six month reconciliation time limit described above has elapsed. Deposit transactions reported by financial institutions and Federal Reserve Banks are available in the system within one or two days. Use of the Ca\$h-Link Agency Access System is mandatory for all DFAS Centers and their DAOs. All DoD Component disbursing activities are encouraged to apply for the Ca\$h-link system if it is available to them. Information and application forms for the Ca\$h-Link Agency Access System can be obtained from the servicing DFAS Center or the Director, Procedures and Guidance Division, DFAS-KC/CBP, 1500 E. 95th Street, Kansas City, MO 64197-0001.

**050417. Schedule of Deposit Activity.** A Schedule of Deposit Activity shall be prepared by all Navy and Marine Corps DOs. The primary purpose of the schedule is to report the detailed deposit transactions included in line 4.2 of the SF 1219. The schedule also serves as a transmittal for deposit documents and provides a detailed listing of those which remain unconfirmed.

#### A. Preparation

1. General. The schedule shall be prepared in an original and 2 copies. The original and 1 copy will be sent to the FIPC with the SF 1219 and one copy will be retained by the DO. Marine Corps DOs shall forward the original with the financial reports and submit 1 copy with the advance reports.

#### 2. Header Data

a. Organization. Enter the name of the ship or activity to which the DO is assigned.

b. Location. Naval vessels should show their homeport. Shore activities

should show the city and either the state or the foreign country in which they are located.

c. DSSN. Enter the DSSN assigned to the disbursing office.

d. Disbursing Officer. Enter the name of the DO.

e. Period of Report. Enter the month and year for which the accompanying SF 1219 is being submitted.

3. Section 20.0 - Deposits or Debit Vouchers Reported This Month. All transactions affecting the balance reported on line 4.2 of the current month's SF 1219 shall be listed in this section.

a. Deposit Tickets. SFs 215 shall be reported in the month the deposit is presented or mailed to the bank regardless of the month the deposit is confirmed by the bank. The data shown must be exactly the same as appears in blocks (1), (2), (4), and (8) of the SF 215 and those data elements may not be changed or altered even if they are erroneous. Dates should be displayed in YYMMDD format. The month and year shown in the date presented or mailed column should normally be the same as the month and year of the report being prepared. However, if the DO or other authorized agent presented or mailed a deposit in a previous month but failed to report that deposit for that month and the deposit was also omitted from the total appearing on line 4.2 of the SF 1219 for that month, the deposit should be reported in the current month. The actual date presented or mailed as shown in block (2) of the SF 215 shall be shown even if the date is that of the previous month. Commissary deposits made on a non-workday which is the last day of the month are an example of such an occurrence. Deposits will always be shown as positive amounts.

b. Debit Vouchers. SFs 5515 must be reported in the month they are received. An SF 5515 which is charged to a particular DSSN must be reported by that disbursing office even if the SF 5515 is considered erroneous or relates to the DO's predecessor. If because of error, the SF 5515 needs to be reversed, the reversal is accomplished by requesting the originating activity (bank or the Treas-

ury) to issue an offsetting SF 215. Both the original SF 5515 and the SF 215 are separate transactions, and both must be reported as they occur. SFs 5515 will always be shown as negative amounts. Negative entries are shown by placing the amount within parentheses. The data shown will be the same as that which appears in blocks (1), (2), and (4) of the SF 5515. Since most SFs 5515 originate from a bank or the Treasury, they are already confirmed. As such, SFs 5515 must be reported in section 20.1. The date appearing in block (2) of the SF 5515 will be entered in both the "Date Presented or Mailed" and the "Date Confirmed" columns of the schedule. The date will be shown in YYMMDD format. As an exception to this procedure, DOs afloat should forward SFs 5515 relating to predecessor accounts to the appropriate FIPC for inclusion in the predecessor's financial reports.

4. Section 20.1 - Reported This Month and Confirmed This Month or Earlier

a. General. Enter all items included in line 4.2 of the SF 1219 for the current month for which a confirmation document is included with the schedule. A confirmation document is the green copy (confirmed copy) of the SF 215 which has been authenticated by a representative of the depository or the blue copy (confirmed copy) of the SF 5515. Deposits shall be listed before debit vouchers. Within these two major subdivisions, transactions shall be listed in date presented or mailed sequence.

b. Adjustments. Adjustments to deposit activity are accomplished by the issuance of separate adjusting documents. For example, if a DO overstated the value of an SF 215, the bank should confirm the original SF 215 in the amount for which issued and issue an SF 5515 for the amount of the overstatement. If the amount of the SF 215 was less than the value of the deposit, the bank should issue a second SF 215 for the difference. In these examples both documents must be reported by the disbursing office. In like manner, if a bank or the Treasury erroneously charges a DSSN with an SF 5515, the action is reversed by issuing an SF 215 in the same amount. Again, each document must be reported by the DO in the month received. For an unconfirmed deposit which has been determined to be lost in transit, the deposit will be removed from section 32.0 by reporting the lost

deposit in section 31.0 as if it was confirmed. The date confirmed will be shown as the first day of the month for which the schedule is being prepared. An explanation of the entry must be included with the schedule.

5. Line 20.1 - Net of 20.1 Items. The net of all items included in section 20.1 will be shown on line 20.1.

6. Section 20.2 - Deposits Reported This Month But Unconfirmed. This section will be used to report all items included in line 4.2 of the SF 1219 for the current month for which no confirmation document is included with the schedule. Normally, this will consist of deposits which have been presented or mailed during the current month, for which the confirmed copy of the SF 215 has not been received as of the date the report is prepared. SFs 5515 will not be shown in this section. Transactions will be listed in date presented or mailed sequence. Each entry in this section must be supported by an accompanying white (memorandum) copy of the SF 215.

7. Line 20.2 - Total of 20.2 Items. Enter the total of all items included in section 20.2.

8. Line 20.0 - Total Reported This Month. Enter the sum of lines 20.1 and 20.2. This amount must equal line 4.2 on the SF 1219. A solid line will be drawn on the schedule between lines 20.0 and 30.0.

9. Line 30.0 - Total Unconfirmed Deposits Brought Forward. Enter the amount shown on line 34.0 of the previous month's schedule.

10. Section 31.0 - Deposits Reported Previous Months. List SFs 215 reported in a previous month in section 20.2 for which the confirmed copies (green copies) are now enclosed.

11. Line 31.0 - Total of 31.0 Items. Enter the total of all items included in section 31.0.

12. Line 32.0 - Deposits Reported Previous Months Not Yet Confirmed. Enter the difference between lines 30.0 and 31.0.

13. Section 32.0 - Deposits Reported Previous Months Not Yet Confirmed. List all items included in sections 20.2 and 32.0 of the previous month's report which have not been listed in section 31.0 for the current month. The total of deposits listed in this section must equal the total entered on line 32.0.

14. Line 33.0 - Deposits Reported This Month Not Confirmed. Enter the amount which appears on line 20.2 above.

15. Line 34.0 - Total Deposits Reported Which Remain Unconfirmed. Enter the sum of lines 32.0 and 33.0. This amount will be entered on line 30.0 of the next month's schedule.

See figure 5-9.

#### 0505 SHIPMENT OF PUBLIC FUNDS

##### 050501. General

A. Authority. 40 U.S.C. 721 - 726, and 729 (reference (ad)) authorizes the shipment of valuables. DOs making shipments of items covered by its provisions shall follow the shipment procedures as described in this section. Shipments are insured under law and no supplementary insurance will be obtained.

B. Authorized Purposes. Shipments of public funds are authorized for the following purposes: deposit of funds to an official checking account; delivery of funds to another DO as an exchange-for-cash check transaction; shipment of damaged or mutilated currency; deposit of food stamps; and obtaining funds from a bank or from another DO by exchange of a check for cash.

C. Methods of Shipment. Public funds shall be shipped in a manner which will provide the greatest possible protection against risk of loss and destruction of, or damage to, the funds. Public funds may be shipped by certified or registered mail, courier, officer messenger, Government conveyance, railway express, contract armored car service, or as cargo via the Military Airlift Command's signature security service depending upon availability of means. However, the normal methods of shipment are by registered mail and Military Airlift Command

cargo. Shipment by registered or certified mail is preferred in the case of checks, drafts, money orders, etc. Shipment by courier is preferred in the case of currency and coin. Shipment by Government conveyance or railway express shall be used only in the case of currency or coin of excessive weight or bulk. Public funds may also be transferred between DOs afloat using air lift (helicopter) or high-line during underway replenishment at sea. In either of these methods, a buoy or other reliable floatation device shall be attached to the container to aid in recovery.

D. Record of Shipment. In addition to accounting documents required in the case of transfers and deposits of public funds (i.e., SF 215) and in order to provide the record required by the regulations issued by the Treasury, each shipment of funds shall be described in detail on the DD Form 165, Shipment of Funds.

050502. Preparation and Distribution of DD Form 165

A. General. A DD Form 165 is required for any shipment containing coin or currency regardless of amount. The DD Form 165 is not required for shipments for deposit to the Treasury or to a bank provided the shipment consists only of checks and money orders and the record of instruments deposited prescribed by paragraph 050209 of this chapter is otherwise maintained. In addition to the retained copy of the DD Form 165, the shipping DO shall preserve all registry receipts or other carriers' receipts and any other documents incidental to the shipment until assured that shipment has been completed and no claims action will be initiated.

B. Preparation. The DD Form 165 shall be prepared in quadruplicate as described below. A properly prepared DD Form 165 is shown as figure 5-10.

1. The space "To" shall contain the complete mailing address of the consignee (intended recipient). In the case of transfers of funds to another DO, the name of the DO should be included in the mailing address.

2. The space "From" shall contain the complete name and mailing address of the consignor (DO shipping the funds).

3. The space "Purpose of Shipment" shall describe the purpose of the shipment such as "For deposit to Disbursing Station Symbol Number" or "Transfer of funds in exchange for a U.S. Treasury check".

4. The space for "Number of Containers" is self-explanatory.

5. The space for "Shipped Via" shall indicate the method of shipment (i.e., registered mail, courier, messenger, etc.).

6. The space "Mail Receipt No. and Date" shall include the registry number or the lock and rotary numbers, if any, under which shipment is made as well as the number of the registry receipt, or other receipt of the carrier.

7. A complete description of the currency and/or coin being shipped shall be shown in the spaces provided by type, denomination, quantity, monetary unit total, rate of exchange if not U.S. currency/coin, and value in U.S. dollars. Checks and other negotiable instruments shall be listed individually on the reverse of the form.

8. The contents of the shipment shall be personally counted by the DO and one responsible witness and placed in the appropriate shipping container(s). Both the DO and the witness shall date and sign the DD Form 165 in the spaces provided under the certification: "We have counted, verified and sealed this shipment." The DO shall be personally responsible for delivery of the shipment to the carrier.

9. The spaces: "This shipment was received from shipper and delivered to" and "Delivery date and hour" shall be completed on the copy to be mailed directly to the consignee and the copy retained by the shipping officer at the time of release to the carrier.

10. The portions pertaining to receipt of the shipment shall be left blank by the shipping DO. The consignee shall complete this portion of the DD Form 165 upon receipt and verification of the shipment.

C. Distribution. The DD Form 165 shall be distributed as follows.



1. The original and duplicate shall be included with the shipment.

2. A copy shall be forwarded by mail direct to the consignee as a notice of shipment when the amount is equal to or greater than \$10,000.

3. A copy shall be retained by the shipping officer. This copy shall bear the original signatures of the DO and verifying witness and shall be used if necessary to substantiate a claim for loss in shipment.

D. Shipment by Registered Mail or as Cargo via the Military Airlift Command. When shipment is made by registered mail or as cargo via the Military Airlift Command, the copy of DD Form 165 forwarded by mail to the consignee and the copy retained by the shipping officer shall show the registry number and the date the shipment was delivered to the post office or terminal. Whenever feasible, single shipments shall be limited to a maximum of \$250,000. Registered mail and Military Airlift Command shipments shall be properly packaged to prevent breakage in transit. Advice as to adequate packaging can be obtained from military post offices. The copy of the DD Form 165 retained by the officer shipping the funds shall be signed by the appropriate postal official in the space beneath the block "Delivery Date and Hour."

E. Shipment by Courier or Officer Messenger. When shipment is made by courier or officer messenger, the DO making the shipment shall enclose the funds in a securely sealed envelop, money bag, or other suitable container bearing the name and address of the consignee. Any commissioned or warrant officer of the Armed Forces on active duty or any individual serving as a courier for the Department of State is authorized to act as courier for delivery of funds represented by currency, checks, drafts, or money orders. The courier shall take all practicable precautions for the protection of the shipment. The copy of DD Form 165 retained by the officer shipping the funds shall be signed by the courier in the space beneath the block "Delivery Date and Hour" as a receipt for the shipment. When arrangements for the shipment are made through a message center, the registry number shall be inserted on the copy of the DD Form 165 to be retained by the shipping officer and the

space below "Delivery Date and Hour" shall be signed by an authorized official of the message center. Upon receipt of the shipment, the consignee shall sign the original of the DD Form 165 in the last signature block after verification of the contents of the shipment and return it to the shipper as a receipt. The copy shall be signed by the consignee in the space beneath "Delivery Date and Hour" and shall be given to the courier as receipt for the shipment. The advance copy providing notice of shipment shall be annotated to indicate date of receipt and shall be retained by the consignee. If the services of an office messenger are obtained, the messenger shall sign the DD Form 165 in the block for delivery date and hour.

F. Shipment by Government Conveyance. When the shipment is of such weight or bulk as to make other methods of shipment impracticable, shipment may be made by Government conveyance. The DO shall make the necessary arrangements for the shipment and receive the bill of lading for the delivery with the shipment. In all cases, the DO shall be designated as the shipper and the consignee shall be the officer responsible for executing the receipt for the funds. The DO shall be responsible for direct delivery to the carrier and obtaining receipt on a copy of the bill of lading.

G. Shipments by Armored Car Service

1. General. Shipment of funds by commercial armored car service is authorized when such service is found to be both consonant with sound economy and the greatest possible protection against risk of loss. The cost of such hire shall be charged to the operations and maintenance fund of the activity to which the DO requiring the shipment is attached.

2. Obtaining Funds From Banks. When funds are obtained from a bank other than an FRB or branch, the DO shall accept custody of the funds at the bank and then personally turn the funds over to the armored car carrier for transporting. Since FRBs comply with the Treasury regulations in making shipments of money, funds may be obtained from an FRB or branch by forwarding an exchange-for-cash check to the bank with instructions for delivery of the funds

to the armored car carrier in the desired denominations.

050503. Action by Consignee. Upon receipt of a copy of DD Form 165 as notice of shipment, the consignee (intended recipient or authorized official designated by activity receiving shipment) shall make arrangements to receive the shipment. Upon receipt of the shipment, the consignee shall ensure that the shipment is opened and inspected by one or more responsible employees. The consignee shall sign the original DD Form 165 and return it to the shipping officer as a receipt. If shipment was made by courier, the consignee shall sign and deliver to the courier a copy of the DD Form 165 as an acknowledgment of receipt of the shipment. When the shipment represents funds for deposit, the consignee shall complete the SF 215 and return the required copies to the DO. The consignee shall immediately advise the shipping officer of any difference between the amount or quantity indicated on the copy of the DD Form 165 and in the actual shipment at the time of opening. If the shipment fails to arrive in due course, the consignee shall immediately notify the shipping officer, the post office, or office of other carrier through which delivery would be made. The consignee shall also immediately notify the shipping officer of any damage to the shipment. All findings of the consignee in such cases shall be a matter of record, subject to inspection in connection with any necessary investigation.

050504. Action by Consignor. The consignor (the bank or the DO shipping the money) shall ensure that prompt action is taken to trace a shipment of funds for which a receipted DD Form 165 is not received within a reasonable time. Telephone or message contact with the consignee shall be initiated in order to insure the consignee's compliance with the provisions of paragraph 050503 above.

050505. Losses in Shipment. Accountability for public funds rests with the consignor until the consignee has received and verified all funds listed on the DD Form 165. If funds shipped as prescribed in this section are lost, destroyed, or damaged, the shipping officer shall forward an immediate written report to the Bureau of Public Debt, Division of Financial Management, Administrative Accounts Branch, Washington, DC

20239. A copy of the report shall be provided to the consignee and to the servicing DFAS Center. If the loss, destruction, or damage represents a value equal to or in excess of \$10,000, or if delay in reporting is likely to delay the Government in recovering the value of the shipment, the report shall be transmitted by message or telegram and promptly confirmed in writing. The report shall state the: date of shipment; amount and character of the valuables lost, destroyed, or damaged; name and address of the consignee; method of transportation, the name of the carrier, and the location of the office of the carrier from which shipment was made; registry or other receipt number; and cause of the loss, destruction, or damage, if known. The consignor shall immediately notify the agent in charge of the nearest U.S. Secret Service office, the appropriate investigative service, the local post office, or local office of other carrier. The shipping officer shall also place a tracer on the shipment and take such other action as may be necessary to facilitate recovery.

050506. Recovery Action

A. General. Recovery action is primarily the responsibility of the officer who is accountable for the lost or damaged funds. In the case of funds for which an exchange-for-cash check has been issued, responsibility and accountability rests with the bank or DO who shipped the funds (consignor). However, accountability for the check still rests with the DO who issued the check (consignee) and its value shall continue to be reported in the SF 1219 as funds in transit. The consignee should determine what action was taken by the shipping officer and should monitor the course of investigative action taken. In the case of coin or currency lost en route to a depository, accountability rests with the DO who made the shipment for deposit. It shall be the DO's responsibility to take the reporting and recovery actions required. In either case, action to report the loss of funds shall be taken as prescribed in chapter 06 of this Volume. The DO who shipped the funds shall record the value of the lost shipment on line 7.3 of the SF 1219 as a loss of funds. If the DO is reassigned before recovery can be effected, the relieving DO shall not receipt for the loss. However, the relieving officer shall be responsible, in conjunction with the designated settlement office, for ensuring that necessary claims are properly



filed and that the proceeds from the claims are properly applied in liquidation of the loss.

B. Checks and Money Orders. The DO shall take action to recover the amount of the lost negotiable instruments following the procedures in paragraph 050210 of this chapter. Since this action should be sufficient to recoup the full amount of the lost deposit, the claims described in subparagraphs 050506.C or 050506.D below shall not be filed. However, in the event this action does not result in full recovery, the DO may request relief of liability for the uncollectible portion of the lost shipment. Such a request shall be fully supported by copies of all correspondence pertaining to the unsuccessful recovery action.

C. Claim Against U.S. Postal Service. The liability of the U.S. Postal Service in the case of lost currency shipped by registered mail is generally limited to shipments of \$100 or less. A claim for a lost shipment of \$100 or less can be filed only by the consignor (mailer). A claim for damage or partial loss may be filed by the consignor or by the consignee (addressee). The applicable claim form is PS Form 565, Registered Mail Inquiry for Delivery and/or Application for Indemnity. The accountable DO should obtain a copy of the completed PS 565, and shall ensure that he or she is listed on the form as the claimant. For losses exceeding \$100, the PS 565 shall be filed as a means of tracing the shipment, but the filing will not constitute a claim.

D. Claim Against the Treasury. Claims for the value of lost currency shipments in excess of \$100 shall be submitted by the accountable DO to the Secretary of the Treasury via the servicing DFAS Center. The Secretary of the Treasury will require proof of claim in such form, and in such manner, as he deems necessary. Proof of claim will include satisfactory proof of loss, destruction, or damage. The claim shall be supported by the original of the DD Form 165, which will be returned after adjustment of the claim. The consignor (shipping officer) shall submit a statement concerning the loss or destruction of, or damage to, the shipment or any part thereof. If the shipment was received by the consignee with contents not intact, the statement shall set forth all the circumstances relating to the condition in which the shipment was received and the manner of in-

spection and verification of its contents. Affidavits covering the loss, destruction, or damage to the shipment shall be obtained from the consignee and the carrier. The statement and recommendations of the investigating officers shall also be included. In the case of lost shipments for which an exchange-for-cash check was issued to an FRB or another DO, the issuing DO shall request that the shipping officer take the above actions and provide copies of all documentation. After filing of the claim, all necessary and reasonable steps to recover the lost, destroyed, or damaged shipment shall continue. All recoveries and refunds received following favorable consideration of the claim shall be turned over to the Treasury.

E. Restitution and Relief. The Secretary of the Treasury shall grant claims for lost, damaged, or destroyed shipments only if the shipping officer strictly followed the prescribed procedures. In the event of a denial of the claim, the accountable DO may either make restitution of the missing funds or submit a request for relief of liability as prescribed in chapter 06 of this Volume. Relief will be granted only if the accountable officer is judged to be free of fault or negligence. Therefore, the relief request shall clearly and convincingly justify any departure from prescribed regulations.

#### 050507. Damaged or Mutilated U.S. Currency

A. Fragments of U.S. Currency. Damaged or mutilated U.S. currency recovered from inadvertent wartime destruction or from peacetime catastrophes affecting DoD property and personnel such as aircraft crashes, ship sinkings, building explosions, or chemical spills shall be processed as explained below.

1. Fragments shall be inventoried by at least three disinterested persons and, where a DoD Component has jurisdiction, brought under safekeeping control by the appropriate DO.

2. Fragments shall be packaged following procedures in subparagraph 050507.B below, and forwarded to the Bureau of Engraving and Printing for determination of value.

3. In the event that fragments are contaminated, the DO or other responsible

official shall contact the Office of Currency Standards, Bureau of Engraving and Printing, at (202) 874-2361 to arrange for on site review by Bureau personnel or special disposition instructions.

**B. Packaging Mutilated Currency.**

Mutilated currency examiners normally can determine the value of mutilated currency when it has been carefully packed and boxed as described below.

1. Regardless of the condition of the currency, do not disturb the fragments more than is absolutely necessary.

2. If the currency is brittle, pack it carefully in cotton and box it as found, without disturbing the fragments, if possible.

3. If the currency was in a purse, box, or other container when mutilated, it should be left there, if possible, in order to prevent further deterioration of the fragments or to prevent them from being lost.

4. If it is absolutely necessary to remove the fragments from the container, send the container with the currency and any other contents found, except as noted in subparagraph 050507.B.7 below.

5. If the money was flat when mutilated, do not roll or fold.

6. If the money was in a roll when mutilated, do not attempt to unroll or straighten.

7. If coins or any other metal are mixed with the currency, remove carefully. Do not send coins or other metal in the same package with mutilated currency, as such metal may further damage the currency.

8. Properly packaged currency should be sent to: Department of the Treasury, Bureau of Engraving and Printing, ATTN: OCS, Room 344, BEP Annex, P.O. Box 37048, Washington, DC 20013.

**050508. Uncurrent or Mutilated U.S. Coins**

A. Worn Coins. U.S. coins that are merely worn or reduced in weight by natural abrasion, yet are readily and clearly recognizable and are machine countable, may be redeemed at face value at any FRB or branch.

B. Mutilated Coins. U.S. coins that are bent, broken, not whole, or fused and melted together are considered "mutilated." Mutilated coins may be redeemed by the U.S. Mint as indicated below.

1. The Mint will not redeem mutilated coins if they are fused material unrecognizable as U.S. coins; foreign coins; counterfeit coins; slugs; altered coins (i.e., changed to pass as another denomination); or coins or lumps of coins that contain lead, solder, or other substances that would make them unsuitable for use as coinage metal.

2. Whenever possible, loose mutilated coins submitted for redemption should be separated into the following groups: Cents (1 cent, including both copper and copper-plated zinc); Nickels (5 cents); Clad Coins (10 cents, 25 cents, 50 cents and Eisenhower 1 dollar); and Dollars (Susan B. Anthony 1 dollar).

3. The settlement amount will be based on coin weight and whether they have been sorted by denomination categories ("separated") or have been sent mixed together. If coins are not separated, they will be considered "mixed" and redeemed at a lower rate as described below. For separated coins, the Mint will redeem no less than one pound of each denomination category; for mixed or fused coins, the minimum is two pounds.

4. Mixed denominations of coins or lumps of coins that have been fused together will be redeemed by their weight and metal category (i.e., bronze, cupronickel, or clad) based on date of receipt by the Mint and rates that change quarterly as of the 15th day of January, April, July and October.

5. Bent or partial coins separated by denomination groups listed below will be redeemed by their weight and denomination category at the following rates:

<u>Denomination</u>	<u>Rate (per lb.)</u>
Cents	\$1.4585
Nickels	\$4.5359
Clad Coins	\$20.0000
Dollars	\$56.0000

6. The Mint will accept no less than one pound of each denomination of separated coins or 2 pounds of mixed or fused coins.

7. Settlement will be made by check approximately 12 to 14 weeks from the date that mutilated coins are received at the Mint. Coins may be mailed to: United States Mint, P.O. Box 400, Philadelphia, PA 19105; or may be delivered in person or by courier to: United States Mint, Coin Redemption Branch, 5th and Arch Streets, Philadelphia, PA 19106.

8. Questions regarding the disposition of mutilated or contaminated coins may be referred to the Cashier's Office, U.S. Mint, at (215) 597-4982.

#### 0506 TRANSFERS OF PUBLIC FUNDS

050601. Transfers Within the DoD. Transfers of funds between DOs are authorized and should follow the same exchange for cash procedures used to procure cash. Transfers of funds between DOs of different Components of DoD or other Governmental agencies shall be made by an exchange-for-cash Treasury check, made payable to the purchasing DO for the amount of cash desired.

050602. Transfer of Funds Upon Relief. All funds and accountable documents in the possession of the relieved DO (including currency, coin, and receipts which represent funds in the hands of authorized deputies, agents, cashiers, imprest fund cashiers, advances to contractors, salary payments, and other authorized deferred vouchered payments) which cannot be scheduled immediately, shall be transferred to the relieving officer. Funds in the hands of deputies, agents, cashiers, and imprest fund cashiers may be retained by the individuals if the relieving DO intends to retain these individuals in their current accountable position. Otherwise, the DO being relieved shall recall the funds and terminate the accountable individual's appointment prior to the relief process. The total amount

transferred to the relieving DO shall be the amount of total accountability at the close of the accounting period as shown on the final SF 1219 of the DO being relieved. As soon as possible after relief has taken place, the relieving DO shall issue new DD Forms 1081 to all accountable individuals who retained funds as provided in this paragraph. A certificate of transfer shall be furnished on the bottom of the final SF 1219 of the officer relieved. The certificate shall read as follows:

"I have received on (date) by transfer from (officer relieved), (total amount), an analysis of which is included in Sections I-B and I-C above.

(Signature and rank of relieving officer)."

In addition to the regular distribution requirements, 2 extra copies of the SF 1219 shall be prepared. One of the extra copies shall be retained with the disbursing records of the relieving DO, and the other shall be retained by the officer relieved as a receipt for the funds transferred. All deficiencies in the account of the officer relieved shall be processed as prescribed in chapter 22 of this Volume. When the total accountability of the officer relieved is zero, no certificate of transfer by the relieving officer is required.

050603. Merging of Disbursing Accounts When a DSSN is to be assumed by another DSSN of the same DO, the cash and other assets of the DSSN to be discontinued shall be purchased by a Treasury check drawn on the receiving DSSN. The Treasury check shall be deposited to the credit of the DSSN to be discontinued and shall be reported on the final SF 1219.

#### 0507 COUNTERFEIT OR ALTERED U.S. CURRENCY

050701. Detected Prior to Acceptance. Counterfeit or altered U.S. currency, if detected upon presentation to a DO for exchange or payment of an obligation to the United States, shall be confiscated. A receipt indicating the type, denomination, and amount of the confiscated currency shall be furnished to the individual presenting the currency and information shall be obtained from the individual as to the source of acquisition. The currency shall be delivered with

a letter of transmittal, giving all available information, to a representative of the appropriate investigative service, if available, or if not, to the nearest military security agency. A receipt shall be obtained in either case. Because the currency was detected before acceptance by a DO, entries regarding the receipt and transmittal shall not be made in the DO's accounts.

050702. Detected After Acceptance and Reimbursement Is Obtained. Immediately after discovering counterfeit currency, the DO shall request reimbursement from the source from which received. When reimbursement is received, the procedure outlined in the preceding paragraph shall be followed. Because reimbursement is obtained, no loss to the DO accrues, and no entries in the DO's accounts are required.

050703. Detected After Acceptance and Reimbursement Is Not Obtained. If the source of receipt of counterfeit currency is unknown or if the source is known and reimbursement is unobtainable, the currency shall be delivered immediately by the DO, together with a detailed report of all known circumstances, to a representative of the appropriate investigative service, if available, or if not, to the nearest military security agency. A receipt for the currency shall be obtained in either case. The receipt for the currency, with a signed copy of the report made by the DO, shall be forwarded with a memorandum via the commander to the servicing DFAS Center. The memorandum shall include the reason reimbursement was not obtained. This transaction shall be reported on the SF 1219 as a physical loss of funds.

050704. Detected After Depositing by Mail With Bank. When a DO is notified that currency which has been deposited by mail has been determined to be counterfeit and is being held by the bank, the DO shall reimburse the bank for the counterfeit currency and shall obtain a formal receipt giving complete description of the currency and stating that the currency has been found to be counterfeit and has been withdrawn from circulation. The receipt from the bank shall also state whether the currency will be or has been turned over to the U.S. Secret Service. The receipt from the bank and a detailed report of all known circumstances, signed by the DO, shall be forwarded via the commander to the servicing

DFAS Center. This transaction shall be reported on the SF 1219 as a physical loss of funds.

<u>Step 1.</u> Add leading zeroes to the DSSN to make an eight-digit.	0 0 0 0 8 3 6 8
<u>Step 2.</u> Multiply each digit by the locational factor:	$\begin{array}{cccccccc} \underline{3} & \underline{7} & \underline{1} & \underline{3} & \underline{7} & \underline{1} & \underline{3} & \underline{7} \\ 0 & 0 & 0 & 0 & 56 & 3 & 18 & 56 \end{array}$
<u>Step 3.</u> Add the last digit of each product.	$0 + 0 + 0 + 0 + 6 + 3 + 8 + 6 = 23$
<u>Step 4.</u> Subtract the sum from the next higher multiple of 10. The result is the check-digit.	$30 - 23 = 7$
In this example the DSSN is 8368. Following the above steps, the CIN is 00008368-7.	

Table 5-1. Calculation of Ca\$h-Link Identification Number

00008368-7  
For Credit to the  
U.S. Treasury  
  
October XX, 19XX

Figure 5-1. Sample DO Endorsement on Instruments Deposited to an FRB or Branch

U.S. (Component) DSSN 8368  
For Credit to the  
U.S. Treasury  
  
October XX, 19XX

Figure 5-2. Sample DO Endorsement on Instruments Deposited to a General Depository

FOR DEPOSIT ONLY  
TO OFFICIAL ACCOUNT OF  
Disbursing Officer, U.S. (Component)  
APO or FPO (location)  
DATE (optional)

Figure 5-3. Sample DO Endorsement on Instruments Deposited to a Limited Depository

00008368-7  
For Credit to the  
U.S. Treasury  
(Collecting Activity Depositing  
on Behalf of the DO)  
October XX, 19XX

Figure 5-4. Sample Collecting Official Endorsement on Instruments Deposited to an FRB or Branch

U.S. (Component) DSSN 8368  
For Credit to the  
U.S. Treasury  
(Collecting Activity Depositing  
on Behalf of the DO)  
October XX, 19XX

Figure 5-5. Sample Collecting Official  
Endorsement on Instruments Deposited  
to General Depository

FOR DEPOSIT ONLY  
TO OFFICIAL ACCOUNT OF  
Disbursing Officer, U.S. (Component)  
APO or FPO (location)  
DATE (optional)  
Collecting Activity Depositing  
on Behalf of the DO)  
(APO or FPO location)

Figure 5-6. Sample Collecting Official  
Endorsement on Instruments Deposited  
to Limited Depository

STANDARD FORM 215 (Rev. 5-90) PRESCRIBED BY DEPT. OF THE TREASURY 1 TFM 5-3000 215-103		<b>DEPOSIT TICKET</b>		DEPARTMENT OF THE TREASURY FINANCIAL MANAGEMENT SERVICE NSN 7540-01-019-9452	
VOUCHER NUMBER	DATE PRESENTED OR MAILED TO BANK M M Y Y D D	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT		
(1) 7 46819	(2) 1 0-03-XX	(3) 0 0005040-3	(4) 5 592.00		
SINGLE SPACE ALL ENTRIES ON THIS LINE USE NORMAL PUNCTUATION OMIT \$ SIGN					
(5) AGENCY USE					
DEFENSE ACCOUNTING OFFICE FINANCIAL INFORMATION PROCESSING CENTER WASHINGTON, DC 20376			(7) NAME AND ADDRESS OF DEPOSITARY FEDERAL RESERVE BANK OF RICHMOND RICHMOND, VIRGINIA 23261		
			(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN RECEIVED FOR CREDIT IN THE ACCOUNT OF THE U.S. TREASURY ON THE DATE SHOWN, SUBJECT TO ADJUSTMENT OF UNCOLLECTIBLE ITEMS INCLUDED THEREIN.		
			M M D D Y Y		
(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS			AUTHORIZED SIGNATURE		
(10) DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE			CONFIRMED DATE		
			<b>ORIGINAL</b>		
(10) DEPOSITOR RETAIN THIS COPY WHEN MAKING DEPOSIT. AFTER RECEIVING CONFIRMED COPY FROM BANK, INSERT THE CONFIRMED DATE IN BLOCK (5) ABOVE ON THIS COPY AND SUBMIT THIS COPY WITH YOUR MONTHLY REPORT TO DEPARTMENT OF THE TREASURY			<b>MEMORANDUM COPY</b>		
(10) DEPOSITARY RETAIN THIS COPY			<b>DEPOSITARY COPY</b>		
(10) DEPOSITOR RETAIN THIS COPY FOR INTERNAL USE DO NOT SUBMIT THIS COPY TO DEPOSITARY			<b>AGENCY COPY</b>		
(10) DEPOSITARY DATE, SIGN AND RETURN THIS COPY TO DEPOSITOR			<b>CONFIRMED COPY</b>		

Figure 5-7. Sample SF 215, Deposit Ticket (Deposit to an FRB)



STANDARD FORM 215 (Rev. 5-90) PRESCRIBED BY DEPT. OF THE TREASURY 1 TFM 5-3000 215-103		<b>DEPOSIT TICKET</b>		DEPARTMENT OF THE TREASURY FINANCIAL MANAGEMENT SERVICE NSN 7540-01-018-9452	
VOUCHER NUMBER	DATE PRESENTED OR MAILED TO BANK M M Y Y D D	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT		
(1) 7 46918	(2) 1 0-03-XX	(3) 5 040	(4) 3 245.75		
SINGLE SPACE ALL ENTRIES ON THIS LINE USE NORMAL PUNCTUATION OMIT \$ SIGN					
(5) AGENCY USE					
DEFENSE ACCOUNTING OFFICE FINANCIAL INFORMATION PROCESSING CENTER WASHINGTON, DC 20376			(7) NAME AND ADDRESS OF DEPOSITARY MELLON BANK P.O. BOX 371782M PITTSBURGH, PA 15251		
			(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN RECEIVED FOR CREDIT IN THE ACCOUNT OF THE U.S. TREASURY ON THE DATE SHOWN, SUBJECT TO ADJUSTMENT OF UNCOLLECTIBLE ITEMS INCLUDED THEREIN.		
			M M D D Y Y		
(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS			AUTHORIZED SIGNATURE		
(10) DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE			CONFIRMED DATE		
			<b>ORIGINAL</b>		
(10) DEPOSITOR RETAIN THIS COPY WHEN MAKING DEPOSIT. AFTER RECEIVING CONFIRMED COPY FROM BANK, INSERT THE CONFIRMED DATE IN BLOCK (5) ABOVE ON THIS COPY AND SUBMIT THIS COPY WITH YOUR MONTHLY REPORT TO DEPARTMENT OF THE TREASURY			<b>MEMORANDUM COPY</b>		
(10) DEPOSITARY RETAIN THIS COPY			<b>DEPOSITARY COPY</b>		
(10) DEPOSITOR RETAIN THIS COPY FOR INTERNAL USE DO NOT SUBMIT THIS COPY TO DEPOSITARY			<b>AGENCY COPY</b>		
(10) DEPOSITARY DATE, SIGN AND RETURN THIS COPY TO DEPOSITOR			<b>CONFIRMED COPY</b>		

Figure 5-7 (Continued). Sample SF 215, Deposit Ticket (Deposit to a Designated Depository)

STANDARD FORM 5515 (Rev. 9-78) PRESCRIBED BY DEPT. OF THE TREASURY 1 TFM 5-3000		<b>DEBIT VOUCHER</b>		DEPARTMENT OF THE TREASURY FINANCIAL MANAGEMENT SERVICE	
VOUCHER NUMBER	DATE OF DEBT TO U.S. TREASURY'S ACCOUNT M M D D Y Y	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT		
(1) 8 3055	(2) 1 0-03-XX	(3) 0 0005040-3	(4) 1 00.00		
(5) <input type="checkbox"/> UNCOLLECTIBLE ITEM <input checked="" type="checkbox"/> OTHER (Explain in Block 6)			(6) DEPOSITARY USE  DT NO. XXXXXX, DATED XXXXXX, OVERSTATED BY \$100.00		
DEFENSE ACCOUNTING OFFICE FINANCIAL INFORMATION PROCESSING CENTER WASHINGTON, DC 20376			(7) NAME AND ADDRESS OF DEPOSITARY FEDERAL RESERVE BANK OF RICHMOND RICHMOND, VA 23261		
			(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN DEBITED TO THE ACCOUNT OF THE TREASURY ON THE DATE SHOWN, UNCOLLECTIBLE ITEMS HAVE BEEN RETURNED TO THE DEPOSITOR OR APPROPRIATE NOTICE GIVEN.		
(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE			AUTHORIZED SIGNATURE _____		
DEPOSITARY FORWARD TO DEPOSITOR, DEPOSITOR SUBMIT THIS COPY WITH MONTHLY REPORT TO DEPARTMENT OF THE TREASURY			ORIGINAL		
DEPOSITARY RETAIN THIS COPY			MEMORANDUM COPY		
DEPOSITARY FORWARD TO DEPOSITOR			DEPOSITARY COPY		
DEPOSITARY FORWARD TO DEPOSITOR			CONFIRMED COPY		

Figure 5-8. Sample SF 5515, Debit Voucher (From an FRB)

STANDARD FORM 5515 (Rev. 9-78) PRESCRIBED BY DEPT. OF THE TREASURY 1 TFM 5-3000		DEBIT VOUCHER		DEPARTMENT OF THE TREASURY FINANCIAL MANAGEMENT SERVICE	
VOUCHER NUMBER	DATE OF DEBT TO U.S. TREASURY'S ACCOUNT M M D D Y Y	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT		
(1) 8 3057	(2) 1 0-03-XX	(3) 5 040	(4) 3 50.00		
(5) <input checked="" type="checkbox"/> UNCOLLECTIBLE ITEM <input type="checkbox"/> OTHER (Explain in Block 6)		(6) DEPOSITARY USE  DT NO. XXXXXX, CK. NO. 130, 100.00, NSF			
DEFENSE ACCOUNTING OFFICE FINANCIAL INFORMATION PROCESSING CENTER WASHINGTON, DC 20376			(7) NAME AND ADDRESS OF DEPOSITARY MELLON BANK P.O. BOX 371782M PITTSBURGH, PA 15251		
			(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN DEBITED TO THE ACCOUNT OF THE TREASURY ON THE DATE SHOWN, UNCOLLECTIBLE ITEMS HAVE BEEN RETURNED TO THE DEPOSITOR OR APPROPRIATE NOTICE GIVEN.		
(9) DEPOSITOR'S TITLE, DEPARTMENT, OR AGENCY AND ADDRESS			AUTHORIZED SIGNATURE		
DEPOSITARY FORWARD THIS DOCUMENT WITH STATEMENT OR TRANSCRIPT OF THE U.S. TREASURY ACCOUNT OF THE SAME DATE			ORIGINAL		
DEPOSITARY FORWARD TO DEPOSITOR, DEPOSITOR SUBMIT THIS COPY WITH MONTHLY REPORT TO DEPARTMENT OF THE TREASURY			MEMORANDUM COPY		
DEPOSITARY RETAIN THIS COPY			DEPOSITARY COPY		
DEPOSITARY FORWARD TO DEPOSITOR			CONFIRMED COPY		

Figure 5-8 (Continued). Sample SF 5515, Debit Voucher (From a Designated Depository)

SCHEDULE OF DEPOSIT ACTIVITY				
ORGANIZATION:	USS SELDOMSAIL			
LOCATION:	HOLY LOCH, UK			
DSSN: 1234	DO: A.B. CASE	PERIOD OF REPORT: JAN 19XX		
20.0	DEPOSITS OR DEBIT VOUCHERS REPORTED THIS MONTH			
20.1	REPORTED THIS MONTH AND CONFIRMED THIS MONTH OR EARLIER (CONFIRMATION COPY IS ENCLOSED HEREWITH)			
	DEPOSIT/DEBIT VOUCHER NO.	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT
	123456	XX0104	XX0105	100.00 (a)
	123457	XX0110	XX0111	200.00 (a)
	123458	XX0117	XX0118	300.00 (a)
	63211	XX0116	XX0116	(50.00) (b)
	63287	XX0117	XX0117	(150.00) (b)
20.1	NET OF 20.1 ITEMS			400.00
20.2	DEPOSITS REPORTED THIS MONTH BUT UNCONFIRMED (MEMORANDUM COPY IS ENCLOSED HEREWITH)			
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD		AMOUNT
	123459	XX0119		500.00 (c)
	123460	XX0124		600.00 (c)
	123461	XX0126		700.00 (c)
	123462	XX0127		800.00 (c)
20.2	TOTAL OF 20.2 ITEMS			2,600.00
20.0	TOTAL REPORTED THIS MONTH (20.1 + 20.2) (ENTER ON LINE 4.2 OF SF 1219)			3,000.00
30.0	TOTAL UNCONFIRMED DEPOSITS BROUGHT FORWARD (LINE 34.0 PREVIOUS MONTH)			0.00
31.0	DEPOSITS REPORTED PREVIOUS MONTHS (CONFIRMATION COPY IS ENCLOSED HEREWITH)			
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT
31.0	TOTAL OF 31.0 ITEMS			0.00
32.0	DEPOSITS REPORTED PREVIOUS MONTHS BUT NOT YET CONFIRMED (30.0 - 31.0)			0.00
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD		AMOUNT
	TOTAL (MUST EQUAL LINE 32.0 ABOVE)			0.00
33.0	DEPOSITS REPORTED THIS MONTH BUT NOT YET CONFIRMED (LINE 20.2)			2,600.00
34.0	TOTAL DEPOSITS REPORTED WHICH REMAIN UNCONFIRMED (32.0 + 33.0)			2,600.00

(Letters in parentheses are keyed to explanations of line entries which follow.)

Figure 5-9. Sample Format for Schedule of Deposit Activity (Initial)

SCHEDULE OF DEPOSIT ACTIVITY				
ORGANIZATION:	USS SELDOMSAIL			
LOCATION:	HOLY LOCH, UK			
DSSN:	1234	DO:	A.B. CASE	PERIOD OF REPORT: FEB 19XX
20.0	DEPOSITS OR DEBIT VOUCHERS REPORTED THIS MONTH			
20.1	REPORTED THIS MONTH AND CONFIRMED THIS MONTH OR EARLIER (CONFIRMATION COPY IS ENCLOSED HEREWITH)			
	DEPOSIT/DEBIT VOUCHER NO.	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT
	431872	XX0129	XX0201	250.00 (d)
	123465	XX0204	XX0228	100.00 (a)
	92791	XX0126	XX0126	(60.00) (b)
20.1	NET OF 20.1 ITEMS			290.00
20.2	DEPOSITS REPORTED THIS MONTH BUT UNCONFIRMED (MEMORANDUM COPY IS ENCLOSED HEREWITH)			
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD		AMOUNT
	123464	XX0131		100.00 (e)
	123466	XX0221		200.00 (c)
	123467	XX0218		300.00 (c)
	123468	XX0225		400.00 (c)
20.2	TOTAL OF 20.2 ITEMS			1,000.00
20.0	TOTAL REPORTED THIS MONTH (20.1 + 20.2) (ENTER ON LINE 4.2 OF SF 1219)			1,290.00
30.0	TOTAL UNCONFIRMED DEPOSITS BROUGHT FORWARD (LINE 34.0 PREVIOUS MONTH)			2600.00
31.0	DEPOSITS REPORTED PREVIOUS MONTHS (CONFIRMATION COPY IS ENCLOSED HEREWITH)			
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT
	123459	XX0119	XX0131	500.00 (f)
	123460	XX0124	XX0210	600.00 (f)
31.0	TOTAL OF 31.0 ITEMS			1,100.00
32.0	DEPOSITS REPORTED PREVIOUS MONTHS BUT NOT YET CONFIRMED (30.0 - 31.0)			1,500.00
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD		AMOUNT
	123461	XX0126		700.00 (g)
	123462	XX0127		800.00 (g)
	TOTAL (MUST EQUAL LINE 32.0 ABOVE)			1,500.00
33.0	DEPOSITS REPORTED THIS MONTH BUT NOT YET CONFIRMED (LINE 20.2)			1,000.00
34.0	TOTAL DEPOSITS REPORTED WHICH REMAIN UNCONFIRMED (32.0 + 33.0)			2,500.00

(Letters in parentheses are keyed to explanations of line entries which follow.)

Figure 5-9 (Continued). Sample Format for Schedule of Deposit Activity (Subsequent)

SCHEDULE OF DEPOSIT ACTIVITY				
ORGANIZATION:	USS SELDOMSAIL			
LOCATION:	HOLY LOCH, UK			
DSSN:	1234	DO:	A.B. CASE	PERIOD OF REPORT: MAR 19XX
20.0	DEPOSITS OR DEBIT VOUCHERS REPORTED THIS MONTH			
20.1	REPORTED THIS MONTH AND CONFIRMED THIS MONTH OR EARLIER (CONFIRMATION COPY IS ENCLOSED HEREWITH)			
	DEPOSIT/DEBIT VOUCHER NO.	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT
	123455	XX0105	XX0225	900.00 (j)
	123469	XX0304	XX0307	150.00 (a)
	123470	XX0325	XX0328	1050.00 (a)
	674128	XX0314	XX0314	100.00 (i)
20.1	NET OF 20.1 ITEMS			2,200.00
20.2	DEPOSITS REPORTED THIS MONTH BUT UNCONFIRMED (MEMORANDUM COPY IS ENCLOSED HEREWITH)			
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD		AMOUNT
20.2	TOTAL OF 20.2 ITEMS			0.00
20.0	TOTAL REPORTED THIS MONTH (20.1 + 20.2) (ENTER ON LINE 4.2 OF SF 1219)			2,200.00
30.0	TOTAL UNCONFIRMED DEPOSITS BROUGHT FORWARD (LINE 34.0 PREVIOUS MONTH)			2500.00
31.0	DEPOSITS REPORTED PREVIOUS MONTHS (CONFIRMATION COPY IS ENCLOSED HEREWITH)			
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD	DATE CONFIRMED YYMMDD	AMOUNT
	123461	XX0126	XX0225	700.00 (f)
	123462	XX0127	XX0301	800.00 (h)
	123464	XX0131	XX0315	100.00 (f)
	123466	XX0211	XX0320	200.00 (f)
	123467	XX0218	XX0325	300.00 (f)
31.0	TOTAL OF 31.0 ITEMS			2,100.00
32.0	DEPOSITS REPORTED PREVIOUS MONTHS BUT NOT YET CONFIRMED (30.0 - 31.0)			400.00
	DEPOSIT NUMBER	DATE PRESENTED OR MAILED YYMMDD		AMOUNT
	123468	XX0225		400.00 (g)
	TOTAL (MUST EQUAL LINE 32.0 ABOVE)			400.00
33.0	DEPOSITS REPORTED THIS MONTH BUT NOT YET CONFIRMED (LINE 20.2)			0.00
34.0	TOTAL DEPOSITS REPORTED WHICH REMAIN UNCONFIRMED (32.0 - 33.0)			400.00

(Letters in parentheses are keyed to explanations of line entries which follow.)

Figure 5-9 (Continued). Sample Format for Schedule of Deposit Activity (Closing)

- (a) Routine deposit confirmed during the current month. The deposit was included in line 4.2 of the SF 1219. The confirmed copies of the SFs 215 should be enclosed with this schedule.
- (b) Routine debit voucher. The debit voucher was included in line 4.2 of the SF 1219. The confirmed copy of the SF 5515 should be enclosed.
- (c) Routine deposit--not yet confirmed. The memorandum copy of the SF 215 should be enclosed with this schedule.
- (d) This deposit should have been reported in January and should have been included in the total deposits reported on line 4.2 of the SF 1219 for January. It was not. It is being reported now. The confirmed copy of the SF 215 should be enclosed with this schedule.
- (e) See the description for item (d). The memorandum copy of the SF 215 should be enclosed.
- (f) Routine deposit, confirmed in a month later than the month in which the deposit was presented or mailed. This item had already been reported on line 4.2 of a previous month. The confirmation copy of the SF 215 should be enclosed with this schedule.
- (g) Deposits presented or mailed in a previous month but not yet confirmed. Aggressive followup action should be taken by the disbursing office to obtain confirmation of deposits reported here.
- (h) A deposit previously reported and still unconfirmed has been determined to be lost. This entry is to remove the lost deposit from the schedule. A corresponding increase to line 7.3 or 7.4 of the SF 1219 must be made. An explanatory note should be enclosed with this schedule.
- (i) This is a supplemental SF 215 issued by the bank to acknowledge that the total of the checks included in a particular deposit exceeded the amount shown on the SF 215 under which the checks were deposited. The memorandum copy of the SF 215 should be enclosed with this schedule.
- (j) This is a confirmed foreign currency deposit made in a Treasury General Account (not a limited depository account). The deposit had been carried on the SF 1219 at the disbursing officer's valuation of those funds, \$950. When the funds were accepted by the Federal Reserve Bank, New York, the U.S. dollar proceeds were credited to the symbol in the amount of \$900. The difference of \$50 was vouchered as a loss by exchange transaction.

Figure 5-9 (Continued). Schedule of Deposit Activity (Entry Explanations)

SHIPMENT OF FUNDS (Items listed are covered by the Government Losses in Shipment Act)									
3. TO: (Include Zip Code) FEDERAL RESERVE BANK OF SAN FRANCISCO P.O. BOX 7742 SAN FRANCISCO, CA 94120		4. FROM: (Include Zip Code) J. A. HANCOCK, LT. SC, USN USS CANBERRA (CG 2) FPO AP 96601		1. DATE SHIPPED (YYMMDD) XX0116		2. SHIPMENT NO. (By FY) 3-XX			
5. PURPOSE OF SHIPMENT Deposit to official U.S. Treasury account DSSN 7834 (CIN 00007834-6)		6. SHIPMENT VIA Registered Mail		7. MAIL RECEIPT (If applicable) a. NUMBER P.O. #X-5217 Registry #3678 b. DATE (YYMMDD) XX0116		8. GBL NO. (If applicable)			
9. CURRENCY OR COIN		a. TYPE		b. DENOMINATION		c. QUANTITY		d. MONETARY UNIT TOTAL	
		U.S.		1		200		200.00	
		U.S.		5		100		500.00	
		U.S.		10		500		5,000.00	
		U.S.		20		400		8,000.00	
								e. RATE OF EXCHANGE	
								N/A	
								N/A	
								N/A	
								N/A	
								f. VALUE IN U.S. DOLLARS	
								200.00	
								500.00	
								5,000.00	
								8,000.00	
								g. TOTAL CHECKS/MONEY ORDERS (From Reverse)	
								250.00	
								h. TOTAL SHIPMENT	
								13,950.00	
10. SHIPPER CERTIFICATION. WE HAVE COUNTED, VERIFIED AND SEALED THIS SHIPMENT.									
a. DISBURSING OFFICER, DEPUTY OR AGENT (1) Printed Name and Signature J.A. HANCOCK, LT. SC, USN		b. WITNESS (1) Printed Name and Signature B.O. GIEGER, ENS, USN		c. DATE SIGNED (YYMMDD) XX0116		d. DATE SIGNED (YYMMDD) XX0116			
11. DELIVERY CERTIFICATION. THIS SHIPMENT WAS RECEIVED FROM SHIPPER AND DELIVERED TO: a. ENTER POST OFFICE OR CARRIER.									
b. DELIVERY DATE (YYMMDD) XX0116		c. DELIVERY TIME 1030		d. INDIVIDUAL RECEIVING DELIVERY (1) Printed Name and Signature M.S. DENNIS		e. POSTAL OFFICER (2) Title		f. WITNESS (1) Printed Name and Signature G. R. JAMES (2) Date Signed (YYMMDD) XX0121 (3) Title CASHIER, FRB, SF	
12. RECIPIENT CERTIFICATION. RECEIVED \$ 13,950.00 IN THIS SHIPMENT. (Not applicable when funds are for deposit.) (Return signed original to shipper.)		a. RECIPIENT (1) Printed Name and Signature R. B. COSTER		b. WITNESS (1) Printed Name and Signature G. R. JAMES (2) Date Signed (YYMMDD) XX0121 (3) Title CASHIER, FRB, SF		c. POSTAL OFFICER (2) Title		d. WITNESS (1) Printed Name and Signature G. R. JAMES (2) Date Signed (YYMMDD) XX0121 (3) Title CASHIER, FRB, SF	

Previous editions are obsolete.

DD Form 165, JUL 89

Figure 5-10. Sample DD Form 165, Shipment of Funds (Front)



DD Form 165 Reverse, JUL 89

Figure 5-10. Sample DD Form 165, Shipment of Funds (Reverse)

<b>CASH COLLECTION VOUCHER</b>		DISBURSING OFFICE COLLECTION VOUCHER NO.			
		RECEIVING OFFICE COLLECTION VOUCHER NO.			
<b>R E C O I F V I C N E G</b>	ACTIVITY (Name and location) (Include ZIP Code)				
	HHB (-) 2d Bn 147th FA PO Box 577, Webster, SD 57274				
	RECEIVED AND FORWARDED BY (Printed name, title and signature) Lowel M. Howard Major Supply Command			DATE 22 Dec 19XX	
<b>D I S O B F R I S C I E N G</b>	ACTIVITY (Name and location) (Include ZIP Code)				
	FINANCE AND ACCOUNTING OFFICE, FT CARSON, CO 80913				
	DISBURSING OFFICER (Printed name, title and signature) David H. Farrish, LTC, AR/FC		DISBURSING STATION SYMBOL NO. 5002	DATE RECEIVED SUBJECT TO COLLECTION 23 Dec 19XX	
PERIOD: FROM TO					
DATE REC'D	NAME OF REMITTER DESCRIPTION OF REMITTANCE	DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE RECEIVED		AMOUNT	ACCOUNTING CLASSIFICATION
	<u>MEAL</u>	<u>NUMBER</u>	<u>RATE</u>		(INSERT ACCOUNTING CLASSIFICATION TO BE CREDITED IN THIS COLUMN)
	<u>BREAKFAST</u>	00			
	<u>LUNCH</u>	21	1.50	31.50	
	<u>DINNER</u>	6	1.50	9.00	
	<u>SURCHARGE</u>				
	<u>BREAKFAST</u>	00			
	<u>LUNCH</u>	13	.40	5.20	
	<u>DINNER</u>	3	.40	1.20	
	TOTAL AMOUNT REMITTED			46.90	
	CASH MEAL PAYMENT SHEET FOR WHICH MONEY IS BEING MAILED:	<u>SN</u>	<u>SHEET NO:</u>		
	LESS FEES FOR CASHIER'S CHECK 123, BANK OF CO			.25	
	I CERTIFY THAT A FEE OF .25 WAS COLLECTED FOR THE PURCHASE OF A CASHIER'S CHECK.	(SIGNATURE)			
<b>TOTAL</b>				46.65	

DD Form 1131, APR 57  
128/153

REPLACES EDITION OF 1 APR 56 WHICH IS OBSOLETE.

Form approved by Comptroller General, U.S.  
24 January 1958

★Figure 5-11. Sample DD Form 1131, Cash Collection Voucher (with deduction for cashier's check)

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## CHAPTER 06

IRREGULARITIES IN DISBURSING OFFICER ACCOUNTS0601 IRREGULARITIES

060101. General. Irregularities are categorized as physical losses of funds; illegal, incorrect, or improper payments; or overages of funds. Physical losses of funds are further segregated by major losses and minor losses. A major physical loss of funds is a loss of \$750 or more, or any physical loss where there is evidence of fraud within the accountable function, regardless of dollar amount. A minor physical loss of funds is a loss of less than \$750 without any evidence of fraud internal to the accountable function. Any person who believes that an individual entrusted with public funds is misusing those funds shall notify the commander having jurisdiction over the alleged offender. Action shall then be taken as prescribed in this chapter.

060102. Responsibilities of the DO. If a DO has knowledge of or reason to believe that a deputy DO, or any other person to whom funds have been entrusted, has lost or misused or may be misusing those funds, the DO shall report such information to the commander exercising immediate jurisdiction over the alleged offender. When a DO discovers an irregularity in the disbursing account, the DO shall immediately verify that all transactions have been properly posted and verify the accuracy of all totals on the DD Form 2657 and/or each deputy's, agent's, or cashier's DD Form 2665, Daily Agent Accountability Summary since the date of last balancing. The DO shall then verify by actual count that the total of all cash and documents held as cash by the DO and all deputies, agents, and cashiers is in agreement with the amount shown as on hand on the DD Forms 2657 and 2665. If the irregularity is not resolved within 24 hours of discovery, the DO shall report the irregularity to the commander and request that the commander direct an immediate audit of all disbursing assets by the cash verification team to confirm that an irregularity has occurred. In all cases, the report to the commander shall be in writing. The commander shall be advised immediately of the cash verification team's findings. Failure to report an irregularity to the

commander may contribute to an unfavorable decision with regard to relief of the DO should the DO later request relief of liability.

060103. Responsibilities of the Commander. Except as provided in paragraphs 060401 for minor physical losses, 060502 for erroneous payments, and 060603 for overages, the commander shall take action to report irregularities through the chain of command to the servicing DFAS Center upon receipt of information from the DO or other individual that an irregularity has occurred. The report, when required, shall not be classified or made in message form unless unusual circumstances exist.

A. Commander's Report of Irregularity. Information furnished in the report shall include:

1. the specific type of irregularity;
2. all known circumstances (including the date the irregularity occurred or was discovered);
3. the dollar amount of the irregularity;
4. the identity of the accountable individual(s) by name, rank or grade, and accountable position;
5. the type of investigation that has been or will be convened (see section 0607 of this chapter);
6. the estimated completion date of the investigation, if applicable; and,
7. the status of any recovery action in progress or contemplated.

In the case of an irregularity in an imprest fund, the report shall also include the authorized maximum amount of the fund. See figure 6-1 for a summary of actions to be taken when an irregularity caused by a physical loss of funds is

discovered. See figure 6-2 for a summary of actions to be taken when an irregularity caused by an illegal, incorrect, or improper payment is discovered.

060104. Reporting Irregularities to the General Accounting Office (GAO). As required by Title 7 of the GAO Manual (reference (x)), the servicing DFAS Center is responsible for preparing a report to GAO on each irregularity that affects the accounts of disbursing officers. If the irregularity is resolved within two years after the date the accounts are made available to GAO for audit, reporting the irregularity to GAO is not necessary. Reports to GAO required by this paragraph should be addressed to: Assistant Comptroller General, Accounting and Financial Management, ATTENTION: Accounting Systems Audit, U.S. General Accounting Office, 441 G Street, NW, Washington, DC 20548. The report should contain the following information:

A. A detailed statement of facts of the case, including the type of irregularity, date, amount, and names and positions of the accountable individual(s) involved.

B. A reference to pertinent supporting documents, such as pay records, contracts, and vouchers.

C. A description of how the irregularity occurred and how it affected the accountable officer's account.

D. Adequate description of procedural deficiencies, if known, that caused the irregularity and the corrective action taken or to be taken.

E. Information on any recoupment already made or being considered.

#### 0602 ACCOUNTING FOR IRREGULARITIES

060201. General. Specific instructions for recording and clearing irregularities on the SF 1219 are provided in chapter 19 of this Volume. In addition, the DO shall use DD Form 2667, Subsidiary Accountability Record to maintain a record of all physical losses and overages of funds discovered in the disbursing office. Separate DD Forms 2667 shall be maintained for

physical losses and overages of funds. Physical losses and overages incurred by deputies, agents, cashiers, imprest fund cashiers, and change fund custodians shall be included on the DD Form 2667. The DD Form 2667 maintained for physical losses shall be balanced and reconciled to the DD Form 2657 daily. The DD Forms 2667 shall be kept on file with the DD Form 2657 as a subsidiary record supporting the DD Form 2657. If more than one physical loss or overage occurs during a single business day because more than one deputy, agent, cashier, or change fund custodian is used, each loss or overage shall be accounted for individually as prescribed in this chapter. When a DO is relieved from disbursing duty (with or without a successor), any unresolved irregularity shall be handled as prescribed in chapter 22 of this Volume. Pecuniary liability for an irregularity cannot be transferred to the relieving DO. However, a successor DO may assume responsibility for the value of dishonored personal checks when action to request removal of the irregularity has been taken as required by chapter 04 of this Volume. This assumption of responsibility shall in no way impose any pecuniary responsibility for the irregularity on the successor nor relieve the officer in whose account the irregularity occurred from pecuniary responsibility. Both the former and relieving DOs shall be responsible for taking any necessary actions to resolve the irregularity.

060202. Preparation of DD Form 2667 as a Cumulative Record of Physical Losses. List each physical loss occurring during each day on the DD Form 2667. See figure 6-3 for an example of DD Form 2667 prepared as a cumulative record of physical losses. Complete the form as follows:

A. Item 1: DSSN. Enter the DSSN.

B. Item 2: Purpose of Record. Enter "Cumulative Losses of Funds."

C. Item 3: Name of Disbursing Officer. Enter the DO's name and rank.

D. Item 4: Address. Enter the DO's organization and address.

E. Item 5: Date. For each loss of funds, enter the date the loss was picked up in the DO's accountability.

F. Item 6: Reference or Explanation.

For each loss, enter a brief description of the loss together with identification of the person responsible for the loss or overage (if known).

G. Item 7: Increase.

For each loss, enter the amount of the loss.

H. Item 8: Decrease.

This item is used to record recovery or recoupment of physical losses. It is also used to record relief of liability for the losses, if granted.

I. Item 9: Balance.

Enter the cumulative total of the losses shown in the record. This balance must be in agreement with DD Form 2657, line 7.3, Losses of Funds at all times.

0603 MAJOR PHYSICAL LOSSES OF FUNDS060301. General

A. Major Physical Losses. A major physical loss is a loss of \$750 or more and includes losses of public funds, records, or papers by fire, flood, earthquake, action by a hostile force, airplane crash, shipwreck, explosion, other losses during shipment not covered by the Government Losses in Shipment Act (see chapter 05 of this Volume), unexplained losses, and other similar occurrences. Losses of \$750 or more resulting from wrongful conduct, such as theft, robbery, and burglary, are major physical losses. Losses due to embezzlement or fraudulent acts of disbursing personnel, acting alone or in collusion with others, are treated as major physical losses regardless of the amount involved. Generally, gains and losses resulting from accommodation exchange transactions are not treated as physical losses or overages of public funds. Refer to chapter 13 of this Volume for procedures to process accommodation transaction gains and losses. Normally, dishonored checks received as an accommodation exchange are treated and processed as accommodation losses per chapter 04 of this Volume. However, if improper disbursing office actions are associated with the dishonored checks (e.g., check cashing for unauthorized personnel), the dishonored checks are treated as illegal, incorrect, or improper payments.

B. Reporting a Major Physical Loss.

Immediately upon discovery of a major physical loss, the DO shall take the actions prescribed in paragraph 060102 of this chapter to verify all transactions and the accuracy of all totals on the DD Form 2657 and DD Forms 2665 since the last balancing. The DO shall then verify by actual count that the total of all cash and documents held as cash is in agreement with the amounts shown on the DDs 2657 and 2665. If the loss is not resolved within 24 hours of discovery, the DO shall make a written report of the loss to the commander and request the commander to direct an immediate audit of all disbursing assets by the cash verification team.

C. Investigating a Major Physical Loss.

Every major physical loss shall be investigated. Normally, the commander shall convene the appropriate type of investigation and appoint the investigating officer(s). In those instances where the commander is not authorized to convene an investigation, the commander shall request an investigation through the chain of command. The officer(s) appointed to conduct the investigation shall make a thorough investigation as prescribed in section 0607 of this chapter.

D. Recording a Major Loss of Funds.

All physical losses (whether major or minor) are recorded on the DD Form 2657 by increasing line 7.3 (or 9.3), Loss of Funds, and decreasing the appropriate cash on hand line. For example, if a cash count reveals U.S. currency on hand to be short \$100, decrease line 6.2A and increase line 7.3. To record a loss on the DD Form 2657, it may be necessary to prepare a collection voucher to transfer the amount of a fraudulent payment (where the fraud was perpetrated by someone within the disbursing office) back into the appropriation from which the payment was disbursed. This transaction is recorded as an increase to DD Form 2657 line 4.1B, Refunds, and to line 7.3 Loss of Funds. Support the entry on DD Form 2657 by recording the loss on the DD Form 2667 as prescribed in paragraph 060202 above. Use a separate DD Form 2667 to support line 9.3 (predecessor losses) on the DD Form 2657. Do not offset individual losses and overages unless it is obvious they are related and the loss is recorded before the overage is recorded. Continue to show all losses on the DD Form 2657 and the SF 1219 until recovery or recoupment is

made, or until relief of liability for the loss is granted.

060302. Major Change Fund Physical Losses. The DO (or authorized agent) advances change funds to a change fund custodian by authority of the commander. After the advance, the change fund custodian is liable for any losses of funds. However, though the funds are no longer under the direct control of the DO (or agent), the DO (or agent) remains accountable for the fund and could be held jointly and severally liable for any loss.

★ A. Classification of Change Fund Losses. A cash shortage occurring in a change fund is usually considered to be a loss of sales receipts (property) to the extent sales receipts are large enough to absorb the loss. Such a loss is not considered a DO loss of funds. When a change fund is made whole from sales receipts (property), no loss from the change fund is considered to have occurred. If a change fund can only be made partially whole from sales receipts (property), the balance of the shortage is considered to be a loss from the change fund. A loss of all activity funds must be considered a loss of both sales receipts and the change fund. A loss of the change fund alone can occur, however, if an after-hours theft of a change fund occurs (and sales receipts have already been deposited or turned over to the DO or authorized agent). A written justification is required when a cash shortage is reported as a change fund loss rather than a loss of sales receipts. If a loss to the change fund itself has occurred, report and process the loss according to the procedures in this section.

B. Sales Receipt Losses. Generally, a report of survey is initiated for the loss of sales receipts. Specific actions required for sales receipt losses are contained in the regulations governing the sales activity operation.

C. Combined Change Fund and Sales Receipt Losses. If the loss includes all or a portion of the change fund (\$750 or more) and sales receipts, the commander shall take the actions specified in paragraph 060103 above to report the loss and convene or request the appropriate investigation. Information to the effect that investigation will proceed in conjunction with report of survey procedures should be

included in the report. The commander shall initiate a report of survey for the loss of sales receipts. The report of survey investigation, plus any other investigations (e.g., FBI), must cover the facts and circumstances surrounding the entire loss (change fund and sales receipts). The report of survey determines liability for the loss of sales receipts only. Since the same set of facts and circumstances relates to both the loss of sales receipts and change funds, no separate investigation is required for the loss of the change fund. The commander shall send a summary report of the above investigation to the servicing DFAS Center. The report shall also include:

1. A certification that the DO (or authorized agent) advanced the change fund per this Volume.
2. A statement of whether the safeguarding requirements prescribed in this Volume were met; if not, the reason.
3. A determination by the commander, concerning the change fund, that satisfactory evidence exists to support a recommendation for relief of the DO or any other person involved, or a finding of pecuniary liability against the DO or any other person involved.
4. A copy of the report of survey (and all attachments).

D. Recording a Change Fund Loss. Upon discovery of a physical loss of all or a portion of the change fund, the change fund custodian shall make a return (on paper only) of the amount of the loss using the DD Form 1081. Upon receipt of the DD Form 1081, the DO shall record the loss of the change fund on the DD Form 2667. The DO shall also record the loss on the DD Form 2657 as a decrease to line 6.5, Funds with Agents, and increase line 7.3. This bookkeeping entry does not relieve the change fund custodian of liability for the amount of the loss.

060303. Major Physical Losses by Deputies, Disbursing Agents, Paying Agents, Cashiers, and Collection Agents. Agents are pecuniarily liable for all funds entrusted to them. However, the DO maintains overall responsibility for the funds

and may be held jointly and severally liable for any agent losses. Since agent losses are essentially DO losses, the agent shall report losses to his or her principal immediately upon discovery. The agent shall not delegate or reassign this responsibility. Agents operating on another installation shall report losses to the principal DO through his or her immediate commander. A subagent losing funds advanced by another agent shall report losses to the principal DO through his or her immediate commander and the agent who advanced the funds. The agent who advanced the funds shall notify his or her own immediate commander and the principal DO. In all cases, the DO shall notify his or her own commander of the loss. If the loss is \$750 or more, the agent's commander shall take the actions specified in paragraph 060103 above to report the loss and convene or request the appropriate investigation. The agent incurring the loss of funds shall record the loss on the DD Form 2665 and prepare a turn-in to the principal using the DD Form 1081 (which includes the loss of funds) as required by chapter 19 of this Volume. The requirement to make an immediate turn-in to the principal applies in all cases including those instances where the agent has been authorized to make turn-ins on other than a daily basis. Upon receipt of the turn-in, the DO shall record the loss on the DD Form 2667 and decrease the appropriate cash on hand line of the DD Form 2657 and increase line 7.3. This bookkeeping entry does not relieve the agent of liability for the amount of the loss. Investigatory procedures included in this chapter are applicable to agent losses.

**060304. Major Physical Losses by Imprest Fund Cashiers.** As with other agents of the DO, imprest fund cashiers are pecuniarily liable for the loss of funds entrusted to them. Also, the DO still maintains overall responsibility for the funds and may be held jointly and severally liable for any imprest fund losses. Immediately upon discovery of a loss in an imprest fund, the imprest fund cashier shall report the loss to the DO (or authorized agent) who advanced the funds through the commander who approved establishment of the fund. If the loss is \$750 or more, the commander shall take the actions specified in paragraph 060103 above to report the loss and convene or request the appropriate investigation. Based on the information contained in the imprest fund cashier's report of

loss, the commander shall determine if (based on the amount of the loss, volume of imprest fund transactions, and frequency of replenishment) it is necessary for the DO to provide an additional advance in the amount of the loss to restore the imprest fund to its full operational level.

A. If the commander determines the additional advance is necessary, he or she shall notify the DO of the requirement in writing. The notification shall include information as to whether the imprest fund has been (or will be) turned over to the alternate imprest fund cashier pending completion of the required investigation(s) and instructions to provide the additional advance to the primary or the alternate imprest fund cashier, as appropriate. Restoring the imprest fund to its full operational level does not increase the value of the imprest fund. For example, if the amount of the fund is \$10,000 and a loss of \$1,000 occurs, advancing the \$1,000 to restore the fund to its full operational level does not increase the fund to \$11,000. The DO shall make the advance under the same guidelines as provided in chapter 02 of this Volume except that the amount of the additional advance shall not be recorded as an increase to DD Form 2657 line 6.5, Funds with Agents. In this case, the DO shall record the loss on the DD Form 2667 and shall record the additional advance on line 7.3, Loss of Funds. As with a routine imprest fund advance, the imprest fund cashier (or alternate) shall provide the DO with a signed DD Form 1081 upon receipt of the additional advance. Restoration of the imprest fund to its full operational level does not relieve the imprest fund cashier of liability for the loss of funds.

B. If the commander determines that it is not necessary to restore the imprest fund to its full operational level, the imprest fund cashier shall prepare a return (on paper only) of the amount of the loss using the DD Form 1081. Upon receipt of the DD Form 1081, the DO shall record the loss on the DD Form 2667 and decrease DD Form 2657 line 6.5, Funds with Agents, and increase line 7.3, Loss of Funds. In addition, the imprest fund cashier shall account for the loss on the OF 1129 (the first OF 1129 submitted after the loss is discovered and all subsequent OFs 1129 submitted until the loss is recovered, recouped, or relief of liability is granted). On the OF 1129, the loss of funds shall be entered on the line titled "Difference" in the



Status of Funds section. A notation similar to the following shall be typed on the face of the OF 1129 to identify the entry: Loss of funds reported (enter date), not restored. These actions do not reduce the authorized operational level of the imprest fund. They are bookkeeping transactions to properly account for and track the loss of funds. When the loss is recovered or recouped, or when relief of liability is granted, the DO shall clear the loss of funds from the DD Form 2667 and the DD Form 2657 line 7.3, Loss of Funds, based on the instructions provided by the servicing DFAS Center and then provide an advance (to restore the funds to its full operational level) to the imprest fund cashier under normal procedures described in chapter 02 of this Volume. The imprest fund cashier shall provide the DO with a DD Form 1081 upon receipt of the additional advance.

060305. Major Counterfeit Currency Physical Losses. Counterfeit currency or coinage accepted in conjunction with official disbursing office business transactions (as differentiated from accommodation transactions) are processed as physical losses of funds. The DO shall record the loss amount on the DD Form 2667 and DD Form 2657, line 6.2A, U.S. Cash on Hand (or 6.2B, Foreign Cash on Hand) by the amount of the counterfeit currency and increase line 7.3, Loss of Funds. Generally, most counterfeit currency losses will be minor rather than major losses, but major losses are possible. If \$750 or more of counterfeit currency is received during a single business day, or evidence of fraud in the disbursing office is associated with the receipt of any amount of counterfeit currency, the loss shall be processed as a major physical loss of funds.

060306. Major Loss of Original Vouchers. The DO is pecuniarily liable for the amount of the payment when a payment voucher becomes lost. However, the original and all copies of the voucher would have to be lost. If the original voucher is lost, and the DO's retained copy (and the retained supporting documents) is available, the copy may be stamped as a certified copy of the original voucher. There are times, however, when only the original voucher may suffice to support a payment. For example, the absence of a signature acknowledging receipt of a cash payment may negate the validity of the certified copy. For example, if a payee denies receipt of

a cash payment and there is no original voucher (with the payee's signature) to prove the payment was properly made. The DO will be unable to prove that a proper payment has taken place and may be required to repay the payee. If the net pay amount of the voucher is \$750 or more, or if internal disbursing office fraud is associated with the loss of the voucher, process the loss as a major loss of funds and record the loss on the DD Form 2667 and DD Form 2657 as prescribed in paragraph 060301.D above.

060307. Major Loss of Documentation Supporting SF 1219 Receivables and Deposit Fund Account Balances. A physical loss of funds can occur whenever a DO is unable to collect an SF 1219 receivable because of the loss of documentation supporting the receivable. A physical loss can also occur if open debit items within deposit fund accounts (e.g., \*\*F3878, \*\*F3880) cannot be cleared because of the loss of supporting documentation. If the amount of the item (for which supporting documentation has been lost) is \$750 or more, or internal disbursing office fraud is associated with the loss of the documentation, process the loss as a major loss of funds.

#### 0604 MINOR PHYSICAL LOSSES OF FUNDS

060401. General. The DO is pecuniarily liable for all minor losses (under \$750, with no fraud involved) that occur in the DO's account. However, the DO may request relief of liability for minor losses by submission of a quarterly minor loss report to the servicing DFAS Center. Unless there is an indication that fraud is involved with the loss, it is not necessary for the commander to report a minor loss of funds through the chain of command to the servicing DFAS Center. However, the DO must notify the commander in writing whenever a minor loss of funds occurs. All minor losses over \$25 included on the quarterly report must be supported by a separate investigative report prepared by someone outside the disbursing office. Investigative comments associated with minor losses of \$25 or less shall be made by the DO and submitted in support of the associated line items on the quarterly report.

060402. Processing the Quarterly Minor Loss Report

A. Documentation of DO Minor Losses. Upon discovery of a physical loss of funds, the DO shall record the loss on the cumulative DD Form 2667 maintained in accordance with paragraph 060202 above and the DD Form 2657 by reducing the applicable cash on hand line and increasing the loss of funds line (7.3 or 9.3, as appropriate). The loss of funds shall also be recorded on a separate DD Form 2667 maintained specifically for minor physical losses of funds. See subparagraph 060402.D below.

B. Documentation of Agent Minor Losses. Physical losses of funds incurred by deputies, disbursing agents, cashiers, paying agents, collection agents, imprest fund cashiers, or change fund custodians are identified as physical losses within the individual agent's accountability documents. A turn-in of the loss shall be made to the DO (just as if the lost funds were being returned to the DO). The DO shall then reduce the DD Form 2657 line 6.5 for that particular agent and increase line 7.3. The DO shall record the loss on the cumulative DD Form 2667 maintained in accordance with paragraph 060202 above and also record the loss on the DD Form 2667 being maintained for minor losses of funds in accordance with subparagraph 060402.D below.

C. Investigation of Minor Losses. Written investigatory comments are required for every physical loss of funds regardless of the amount. However, there is a procedural difference in the investigatory requirements for minor losses of \$25 or less and for minor losses over \$25. If fraud (internal to the accountable function) is discovered in conjunction with any physical loss of funds, the loss shall be processed as a major physical loss of funds.

1. Minor Losses of \$25 or Less (No Fraud). For minor losses of \$25 or less, the DO shall conduct the investigation and render the written investigatory report. If the loss is attributable to the DO, the investigation shall be conducted by and the written report prepared by the primary deputy DO. Under no circumstances shall the individual incurring the loss prepare his or her own investigatory report. In all cases, the investigatory report shall be signed by the

investigating officer and submitted in support of the quarterly minor loss report. The report may be prepared in letter or memorandum format and shall contain the following information and statements:

- a. Name, grade, location, and capacity (e.g., deputy, cashier, disbursing agent) of the individual who incurred the loss.
- b. Name, grade, and capacity (e.g., disbursing officer, deputy, disbursing agent) of the person who advanced the funds.
- c. Amount of the loss.
- d. A description of how the loss occurred.
- e. A statement whether the loss is a physical loss (as contrasted with a loss from an illegal, improper, or incorrect payment or a loss from an accommodation transaction).
- f. A statement whether there is evidence of fraud, intent to defraud, or other misconduct on the part of the accountable individual.
- g. A statement whether, considering the circumstances involved, the accountable individual was functioning in a prudent manner and in accordance with applicable regulations and directives.
- h. A statement whether the loss occurred while the accountable individual was acting within the individual's line of duty.
- i. A statement whether the presumption of negligence is refuted by the specific facts established by the investigation.
- j. The following investigating officer's recommendation, as appropriate: "I do/do not recommend relief from pecuniary liability."
- k. The signed certification of the disbursing officer: "I have counseled (name of accountable individual) regarding appropriate corrective measures to prevent recurrence of losses of this nature, and I have

reviewed the applicable regulatory procedures regarding small losses of funds."

2. Minor Losses Over \$25 (No Fraud). Someone other than the DO or disbursing office personnel (e.g., a member of the cash verification team) shall be appointed by the commander to conduct the investigation of minor losses over \$25. The individual appointed to investigate the loss should have knowledge of disbursing office operations, especially of the required internal controls, pertinent laws, and applicable directives. In all cases, the investigatory report shall be signed by the investigating officer and submitted in support of the quarterly minor loss report. The investigatory report may be prepared in letter or memorandum format and shall contain the following information and statements:

a. Name and location of the DO or other agent where the loss occurred.

b. Name, grade, and capacity (e.g., disbursing officer, deputy, disbursing agent) of the person who advanced the funds.

c. Amount of the loss.

d. Cause of the loss, or whether the cause cannot be explained.

e. Time, date, and place where the loss was discovered.

f. Name, grade, and SSN of the individual directly responsible for custody of the funds at the time of loss.

g. Capacity in which the funds were held (e.g., cashier, change fund custodian, imprest fund cashier).

h. A statement whether the loss occurred in conjunction with valid disbursing operations.

i. Identification of regulatory provisions pertinent to the loss and whether they were complied with.

j. A comment on specific internal controls which might have prevented the loss, and the extent to which they were followed.

k. In general terms, a description of the actions the investigating officer took to be satisfied regarding whether fault was a cause for the loss.

l. A statement as to whether the loss occurred without fault or negligence by the accountable individual.

m. The following investigating officer's recommendation, as appropriate: "I do/do not recommend relief from pecuniary liability."

n. The signed certification of the disbursing officer: "I have counseled (name of accountable individual) regarding appropriate corrective measures to prevent recurrence of losses of this nature, and I have reviewed the applicable regulatory procedures regarding small losses of funds."

D. Preparation of DD Form 2667 as a Quarterly Minor Loss Report. Record all uncovered minor losses occurring during each calendar quarter on a separate DD Form 2667 from the DD Form 2667 prepared to record and accumulate losses. See figure 6-4. Complete DD Form 2667 for the quarterly minor loss report as follows:

1. Item 1: DSSN. Enter the DSSN.

2. Item 2: Purpose of Record. Enter "Minor Loss of Funds Report" and the calendar quarter (for example, January 1 through March 31, 1993) for which the DD Form 2667 is being prepared.

3. Item 3: Name of Disbursing Officer. Enter the DO's name and rank.

4. Item 4: Address. Enter the DO's organization address.

5. Item 5: Date. For each of the minor losses included, enter the date each loss was picked up in the DO's accountability.

6. Item 6: Reference or Explanation. For each of the minor losses included, enter a brief description of the loss, together with

identification of the person responsible for the loss (if known).

7. Item 7: Increase. For each of the minor losses included, enter the amount of the loss.

8. Item 8: Decrease. This item is not used on the quarterly minor loss report.

9. Item 9: Balance. Enter the total of all losses shown in the report.

E. Assembly of the Complete Quarterly Minor Loss Report. The DO shall assemble the report in the following order:

1. A covering transmittal letter similar to the example provided in figure 6-5.

2. The DD Form 2667 itemizing each minor loss included in the report.

3. The written investigatory report for each loss. The investigatory reports should be arranged in the same order as the losses appearing on the DD Form 2667.

F. Submission of the Quarterly Minor Loss Report. Total the minor losses quarterly and when the DO is relieved from disbursing duty. Mail the quarterly report with all required supporting documentation to the servicing DFAS Center not later than the 5th workday following the end of the quarter, or upon the DO's relief from disbursing duty, not later than the 5th workday following the date of relief. When the report is submitted upon a DO's relief from disbursing duty, the transmittal letter must contain the statement, "Submitted due to relief of the DO effective (enter date)." Provide one copy of the report and supporting documents to the commander and retain one copy. Negative minor loss reports are not required.

G. Review of Quarterly Minor Loss Report. Upon receipt, the servicing DFAS Center will review the report package for completeness, validity, acceptance, etc. If the investigatory comments are not considered adequate, further information will be requested from the DO. The report package will then be forwarded to General Counsel for review and recommendation to the Director of the DFAS Center regarding

whether relief of liability should be granted. The Director may request additional information, may deny relief, or may grant relief. If the Director grants relief for one or more of the losses included in the quarterly report, the servicing DFAS Center will provide instructions for removal of the loss(es) from the SF 1219 or will forward a check for the amount of relief granted to the DO. If the Director denies relief of liability for one or more of the losses included in the quarterly minor loss report, the DO will be advised of the adverse determination. Within the adverse determination will be a recommendation that one or more accountable individuals involved with the loss be denied relief, if appropriate.

★060403. Minor Change Fund Physical Losses. Generally, follow the procedures in paragraph 060302 above. If it has been determined that sales receipts (property) aren't sufficient to absorb all or part of the loss, the balance must be treated as a loss of funds. Include these balances on the quarterly minor loss report if they are less than \$750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C above also apply if the losses are less than \$750 and there is no internal fraud associated with the loss.

060404. Minor Physical Losses by Deputies, Disbursing Agents, Paying Agents, Cashiers, and Collection Agents. Generally, follow the procedures in paragraph 060303 above. Include on the quarterly minor loss report if the losses are less than \$750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C above also apply if the losses are less than \$750 and there is no internal fraud associated with the loss.

060405. Minor Physical Losses by Imprest Fund Cashiers. Generally, follow the procedures in paragraph 060304 above. Include on the quarterly minor loss report if the losses are less than \$750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C above also apply if the losses are less than \$750 and there is no internal fraud associated with the loss.

060406. Minor Counterfeit Currency Physical Losses. Generally, follow the procedures in paragraph 060305 above. Include on the quarterly minor loss report if the losses are less than \$750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C above also apply if the losses are less than \$750 and there is no internal fraud associated with the loss.

060407. Minor Loss of Original Vouchers. Generally, follow the procedures in paragraph 060306 above. Include on the quarterly minor loss report if the losses are less than \$750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C above also apply if the losses are less than \$750 and there is no internal fraud associated with the loss.

060408. Minor Loss of Documentation Supporting SF 1219 Receivables and Deposit Fund Account Balances. Generally, follow the procedures in paragraph 060307 above. Include on the quarterly minor loss report if the losses are less than \$750 and there is no internal fraud associated with the loss. Reporting and investigatory requirements prescribed in subparagraph 060402.C above also apply if the losses are less than \$750 and there is no internal fraud associated with the loss.

#### 0605 ILLEGAL, INCORRECT, OR IMPROPER PAYMENT LOSSES

060501. General. Illegal, incorrect, or improper (erroneous) payment deficiencies may result from overpayment of a payee; two or more payments to a payee for the same entitlement; payment to the wrong payee; U.S. Treasury check issue overdrafts; negotiation of both the original and a substitute U.S. Treasury check; negotiation of both the original and a recertified U.S. Treasury check; any payment based on fraudulent, forged, or altered documents prepared or presented by individuals who do not work in the disbursing office; or payment in violation of a regulation. Generally, there is no separate SF 1219 recording of erroneous payments similar to the requirements for recording physical losses of funds on lines 7.3 or 9.3 and they are not included on the DD Form 2667. In most cases an erroneous payment is charged to

a valid appropriation via the disbursement voucher and the payment has already been made. If an erroneous payment is recouped (or collected from an individual held liable for the payment), the appropriation initially charged is credited for the amount recouped or collected. If no recoupment or collection is made, or if relief of liability is granted, the appropriation charge remains as if it were valid. All replacement check double-payment and check-issue overdraft losses are reported under the erroneous payment category. Normally, dishonored checks received as an accommodation transaction are treated as an accommodation exchange loss as prescribed in chapter 04 of this Volume. However, if improper disbursing office actions (not fraudulent) are associated with the dishonored checks (e.g., cashing for unauthorized personnel), dishonored checks are treated as illegal, incorrect, or improper payments.

060502. Reporting Erroneous Payments. The DO shall report all erroneous payments to the commander. In addition, the DO must take aggressive action to recoup the amount of an erroneous payment from the recipient. If recoupment is made, the proceeds are credited to the appropriation charged when the disbursement was made. If recoupment is not effected within 90 days of continuous aggressive collection action, the case file shall be submitted to the servicing DFAS Center for further collection action. The DO may also submit a request for relief of liability through the commander and the chain of command. The request for relief should reference the date the case file was forwarded to the DFAS Center for further collection action. A separate or special report by the commander (paragraph 060103 above) is normally not required.

060503. Investigation of Erroneous Payments. A formal investigation of erroneous payments is not mandatory unless fraud (on the part of the payee and/or disbursing office personnel) is suspected in connection with the payment. However, the commander (or convening authority) may determine that a formal investigation is necessary. If so, the convening authority shall appoint the Investigation Board of Officers or Investigating Officer to gather additional information and determine responsibility. If no formal investigation is to be conducted, investigatory comments similar to those required in

subparagraph 060402.C for minor physical losses over \$25 are required. The memorandum or letter type investigatory report must outline the facts concerning the payment, the reason(s) no formal investigation is considered necessary, whether relief of liability is recommended for the DO (and/or any other accountable individual(s)), and whether a request for relief is being submitted by the DO and/or other accountable individual(s).

#### 0606 OVERAGES OF PUBLIC FUNDS

★060601. Recording Overages of Funds. Unless they obviously relate (and the relationship can be documented), do not offset any overage of funds against a physical loss of funds. An obvious relationship can usually be determined if foreign currency on hand is short and U.S. currency on hand is over by equal U.S.-equivalent amounts (for example, an overage of \$431.18 against a loss of \$431.18). Do not offset apparently related overages against shortages if the shortage and overage occur on different business days. Generally, an overage of funds shall be collected into Deposit Fund Account \*\*X3875 pending a determination of where the overage properly belongs. Subsequently, if no proper location for the overage is determined, the overage shall be transferred from \*\*X3875 to Treasury receipt account Forfeiture of Unclaimed Money and Property, \*\*R1060. Track overages by recording on a separate DD Form 2667 maintained specifically for overages. Note that, unlike the cumulative DD Form 2667 maintained per paragraph 060202 above to support specific lines on the DD Form 2657 and SF 1219, the DD Form 2667 for overages is a stand-alone document for tracking overages. Start a new DD Form 2667 for overages at the beginning of each quarter. When proper disposition of the overage is determined, be certain to record the disposition on the DD Form 2667. Forward a copy of the DD Form 2667 under a covering transmittal letter (similar to that shown in figure 6-5) to the servicing DFAS Center not later than the 5th workday following the end of each calendar quarter and upon the DO's relief from disbursing duty, not later than the 5th workday following the date of relief. If the report is being submitted because of relief from disbursing duty, the transmittal letter must contain the statement: "Submitted due to relief of the DO effective (enter date relieved)."

060602. Preparation of DD Form 2667 as a Record of Overages Losses. List each overage occurring during each day on the DD Form 2667. See figure 6-6 for an example of DD Form 2667 prepared as a record of overages. Complete the form as follows:

- A. Item 1: DSSN. Enter the DSSN.
- B. Item 2: Purpose of Record. Enter "Overage of Funds."
- C. Item 3: Name of Disbursing Officer. Enter the DO's name and rank.
- D. Item 4: Address. Enter the DO's organization and address.
- E. Item 5: Date. For each overage of funds, enter the date the overage was collected into a deposit fund account or miscellaneous receipt account, as appropriate.
- F. Item 6: Reference or Explanation. For each overage, enter a brief description of the overage together with identification of the person responsible for the overage (if known).
- G. Item 7: Increase. For each overage, enter the amount of the overage.
- H. Item 8: Decrease. This item is not used on the DD Form 2667 maintained for overages.
- I. Item 9: Balance. Enter the cumulative total of the overages shown in the record.

060603. Reporting Overages of Funds. The report and investigation requirements of paragraph 060103 above are not required for overages of funds when there is no indication of fraud or other criminal act.

#### 0607 INVESTIGATION OF IRREGULARITIES

★060701. Appointment of Investigating Officer. The appointment of an investigating officer shall be made by the appropriate commander (or in the case of DFAS Centers and Defense Accounting Offices (DAO), the Center or DAO Director) citing this paragraph as authority. In those instances where the commander is not autho-

rized to convene an investigation, the commander shall request an investigation through the chain of command. A thorough investigation shall be made by the investigating officer pursuant to this section. The investigating officer shall not be in the DO's chain of command. Only those individuals who are familiar with investigative techniques and who have a knowledge of the required internal controls, pertinent laws, and directives will normally be appointed as investigating officers. If the appointed officer does not fully meet these requirements, technical guidance should be requested from the activity comptroller or staff judge advocate.

060702. Investigating Officer's Procedures

A. Information to be Developed

1. The investigating officer shall be instructed to develop all factual information in connection with the irregularity so that proper action may be taken by higher authority. This should include information regarding the procedures followed by all individuals involved in the irregularity, as well as safeguards and controls instituted for the entire period in which the irregularity occurred. Investigations of irregularities that involved travelers checks shall include serial numbers and photocopies (front and back) of the travelers checks. Appendix C of this Volume is provided as a guide for investigating officers.

2. If possible, the investigating officer shall personally interview and obtain sworn statements from all persons who may have knowledge of the facts. Verbal testimony need not be reported verbatim but may be summarized by the investigating officer, sworn to and signed by the individual concerned. When sworn statements cannot be obtained, the investigating officer shall submit a statement giving the substance of the expected testimony and the reason for not obtaining a sworn statement. The investigating officer shall make an effort to resolve or clarify all apparent discrepancies or contradictions disclosed by the statements secured. The investigating officer shall also procure such documents, photographs, and affidavits from persons having knowledge of the facts as will fully show the circumstances surrounding the irregularity in question. Particular use should be made of previous investigations

already conducted in the area by the DoD Component's investigative service (e.g., Criminal Investigation Division (CID) or Naval Investigative Service (NIS)), Inspector General (IG), and Federal Bureau of Investigation (FBI) reports. The investigating officer may also use statements made by concerned parties in the previous investigations without the necessity of re-interviewing such persons.

3. DOs, and other individuals whose possible responsibility for the irregularity becomes an issue, shall be made parties in interest. Whenever it is recommended that an individual be held pecuniarily liable, the person shall be afforded an opportunity to examine all evidence and to present in writing his or her rebuttal regarding the irregularity.

★ B. Findings. The investigating officer shall make the following findings:

1. Physical Loss

a. That there (was) (was not) a loss to the United States in the amount of (include amount of loss).

b. The loss was not the result of an illegal, incorrect, or improper payment. A finding shall be made as to a deputy, agent, or cashier when either or all have responsibility for the funds involved in the loss.

c. The loss was not the result of fault or negligence on the part of the accountable official (i.e., DO, deputy, agent, or cashier). A finding shall also be made as to a deputy, agent, or cashier when either or all have responsibility for the funds involved in the loss.

d. When the loss occurs in the internal account of a deputy, agent, or cashier, funds of the imprest fund cashier, custodian of change fund, or other individuals who are entrusted with funds, a finding shall be made that the loss in the amount of (include amount of loss) (was) (was not) (proximately caused by the negligence of) (the result of larceny committed by) (insert name of individual).

e. The investigating officer shall make any other findings that are considered necessary and appropriate. It is essential



that all the above findings be supported by documentation. After each finding, reference shall be made by tab or page number to the supporting documentation.

f. That the accountable official (i.e., DO, deputy, agent, or cashier) (was) (was not) carrying out official duties when the loss or deficiency occurred.

2. Illegal, Incorrect, or Improper Payment

a. That there (was) (was not) a loss to the United States in the amount of (include amount of loss).

b. That the loss was due to an illegal, incorrect, or improper payment.

c. That the payment (was) (was not) the result of bad faith or lack of reasonable care on the part of the DO or other accountable individual.

d. That the DO (has) (has not) diligently pursued collection action against the payee, beneficiary, or recipient of the illegal, incorrect, or improper payment.

e. The investigating officer shall make any other findings that are considered necessary and appropriate. It is essential that all of the above findings be supported by documentation. After each finding, reference shall be made by tab or page number to the supporting documentation.

f. That the accountable official (i.e., DO, deputy, agent, or cashier) (was) (was not) carrying out official duties when the loss or deficiency occurred.

C. Recommendations. The investigating officer shall make recommendations for use by the reviewing authorities. These recommendations shall include the following, when appropriate:

1. Whether the DO, deputy, agent, or cashier should or should not be relieved of pecuniary liability for the loss in the amount involved.

2. Whether any other person or persons should or should not be held pecuniarily liable for the loss, in whole or in part.

3. Necessary corrective action that should be taken to effect improvement in procedures or internal controls.

4. Any other recommendations considered necessary and appropriate in view of facts developed during the course of the investigation.

D. Adverse Findings. If the investigating officer recommends that the DO or any other individual(s) be held pecuniarily liable for the loss, the report shall be given to these individuals for the purpose of filing a written rebuttal if so desired. This rebuttal may be in the form of a brief and/or additional witness statements. The rebuttal shall be in writing and attached as an exhibit to the report. Military counsel, if reasonably available, shall be furnished to those individuals desiring legal advice. A reasonable time not to exceed 30 days shall be allowed for the filing of the rebuttal.

E. Review and Disposition of Report

★ 1. The reviewing authority shall be the commander (i.e., appointing authority). This may be delegated to the deputy commander, chief of staff, or comptroller. The reviewing authority may make such additional findings and recommendations as deemed pertinent to the investigation. In the event the reviewing authority recommends that relief from liability for the loss be denied and the individual has not been given the opportunity to make a rebuttal, the reviewing authority shall set forth the reasons for his or her action. Also the individuals adversely affected by his or her decision shall be afforded the right to rebuttal. The time period allowed for rebuttal shall not exceed 30 days. Upon return of the report to the reviewing authority, he or she shall reconsider his or her actions if a rebuttal has been submitted and then affirm or reverse his or her position.

2. The original and one copy of the report, including complete copies of all testimony and other exhibits, shall be forwarded through the reviewing authority's chain of command to the Director of the servicing DFAS



Center, within 90 calendar days after the loss has been discovered. In the case of a loss at a DFAS Center, the report shall be forwarded to DFAS Headquarters, Deputy Director for Finance within 90 calendar days after the loss has been discovered. When there is evidence of fraudulent or wrongful conduct and the matter is under investigation by the military police, DoD Component investigative service, and/or FBI, the report should be held until their investigation is completed. Copies of the investigative reports should be added as exhibits before forwarding the report through the chain of command to the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance). If it appears that the statute of limitations (three years) will expire prior to the completion of the DoD Component investigative service or FBI investigation, the report shall be forwarded to the DFAS Center (or DFAS Headquarters, Deputy Director for Finance) immediately. In all cases, the 90 calendar day suspense shall be met or an extension requested from the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance, if appropriate).

3. The reviewing authority shall furnish through the chain of command to the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance, if appropriate), any information that becomes available after the report of investigation has been forwarded.

4. The Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance, when appropriate) shall review the report and take the actions as indicated in the following subparagraphs. In all cases, the report shall be forwarded to General Counsel for review and recommendation.

a. Physical Loss. If the report lacks sufficient information (e.g., in the event the provisions for the findings and recommendations have not been complied with), it shall be returned for further investigation and fulfillment of the provisions listed above. If the servicing DFAS Center returns the report directly to the individuals for the purpose of review and for the filing of a written rebuttal, the period allowed for response shall not exceed 30 days. If the report is complete and the irregularity was a physical loss, the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy

Director for Finance for losses at a DFAS Center) shall make final determination relevant to the question of relief or pecuniary liability of the DO and/or other individuals involved in the loss. If the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance) determines that the DO and/or any other individual be held pecuniarily liable for a loss, it shall also be determined if the right of rebuttal provisions above have been complied with. If not, the report shall either be returned to the reviewing authority or sent directly to the individuals concerned, setting forth the reasons for the adverse determination. If sent to the reviewing authority, the reviewing authority shall then afford the individuals adversely affected with the opportunity to file rebuttals. The time period allowed to file rebuttals shall not exceed 30 days. Upon receipt of the report by the reviewing authority with such additional information as may be submitted, he or she shall return it to the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance) with his or her comments.

b. Illegal, Incorrect, or Improper Payment. If the report is incomplete, it shall be returned for further investigation. If the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance, when appropriate) returns the report directly to the individuals for the purpose of review and for the filing of a written rebuttal, the period allowed for response shall not exceed 30 days. If the report is complete and the irregularity was due to an illegal, incorrect, or improper payment, the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance, if appropriate) shall make written findings and recommendations to GAO relevant to relieving the DO and/or other individual of pecuniary liability and responsibility. If the Director of the servicing DFAS Center (or DFAS Headquarters, Deputy Director for Finance) recommends that the DO and/or any other individual be held pecuniarily liable for the illegal, incorrect, or improper payment, the DO and/or other individual shall be afforded the opportunity to file a rebuttal. The time period allowed to file a rebuttal shall not exceed 30 days.

0608 STATUTE OF LIMITATIONS ON ILLEGAL, INCORRECT, OR IMPROPER PAYMENTS

060801. General. The Comptroller General of the United States is required by 31 U.S.C. 3526 (reference (o)), to settle the accounts of disbursing officials within three years from the date of receipt of substantially complete accounts. As prescribed in Title 7 of the GAO Manual (reference (x)), the beginning of the three-year statute period is generally considered to be the end of the period covered by the applicable SF 1219. Therefore, except in cases of unresolved Notices of Exception, settlement will occur, by operation of law, three years after the date that the SF 1219 is certified. However, in certain cases as shown in paragraph 060802 below, GAO considers the three-year period to begin after notice of the loss is received by the DoD Component from the Treasury. If the loss is due to embezzlement, fraud, or other criminal activity, the three-year period does not begin until the loss has been discovered and reported to the appropriate DoD Component officials. Liability of a disbursing official is extinguished if all required actions are not completed within the prescribed three-year time limit. This includes both the raising of a charge against the individual as well as the granting or denial of relief. Therefore, all actions such as reports of irregularities and requests for relief shall be submitted to reach GAO within two years from the date the DoD Component received a substantially complete account. This gives the Comptroller General the entire third year to raise a charge against the individual or grant/deny relief.

060802. Application. The following subparagraphs are examples of illegal, incorrect, or improper payments and when the three-year statute of limitations begins.

A. Overpayments, Payments to the Wrong Payee, and Payments in Violation of a Regulation. Date the SF 1219, which includes the applicable paid vouchers, is certified.

B. Double Payments (Original and Substitute or Original and Recertified Treasury Checks - Both Negotiated). Date on which notice is received from Treasury (SF 5515 or Daily Advice of Status) that the original check has been negotiated. In cases where Treasury has

provided credit for an outstanding check and the check is later negotiated, the three-year statute starts on the date of receipt of the chargeback from Treasury.

C. Alteration or Forgery of Treasury Checks. Date on which the SF 5515 or other notice of alteration or forgery is received from Treasury.

D. Check Issue Overdraft. Date on which the FMS Form 5206 is received from Treasury.

E. Payments Resulting from Embezzlement, Fraud, or Other Criminal Activity of the Payee. Date the loss is discovered and reported to the appropriate DoD Component officials.

060803. Extending the Statute of Limitations. If it appears that the three-year statute of limitations will expire before an illegal, incorrect, or improper payment can be submitted to GAO for relief, a request to extend the statute of limitations shall be initiated by the DO at least six months prior to the expiration of the three-year time limit. This request shall be addressed to the servicing DFAS Center and routed through the chain of command. The request shall contain the following information:

A. The name and rank or rate of accountable individual(s) involved.

B. An explanation as to why the illegal, incorrect, or improper payment documentation cannot be processed within the three-year statute of limitations.

C. A description of how the illegal, incorrect, or improper payment occurred and, if appropriate, when it was shown in the DO's accounts.

D. A statement regarding the illegal, incorrect, or improper payment to include the voucher or check number, date paid or issued, name of individual(s) involved, amount paid on the voucher or check, and the amount of the improper payment.

## 0609 RELIEF OF LIABILITY FOR IRREGULARITIES

060901. General. This section amplifies the general information provided in chapter 01 of this Volume. When any accountable official of the Government incurs or has incurred an irregularity as a result of a physical loss of funds or an illegal, incorrect, or improper payment, that official may be granted relief of liability for the irregularity under the provisions of 31 U.S.C. 3527 (reference (o)).

060902. Physical Loss of Funds. In Comp. Gen. B-151156 (reference (ae)), the Comptroller General of the United States ruled that the term "disbursing official" applies to all personnel in the DoD, whether military or civilian, to whom public funds are entrusted for the purpose of making disbursements. This application includes not only the DO, but also deputy DOs, disbursing agents, cashiers, agent cashiers, collection agents, paying agents, imprest fund cashiers, and change fund custodians. As provided in 31 U.S.C. 3527 (reference (o)), the Comptroller General shall relieve a disbursing official of liability for a physical loss of funds, vouchers, or records, or shall authorize reimbursement, from an appropriation or fund available for that purpose, of the amount paid by or on behalf of such official as restitution when:

A. the Secretary of Defense determines that the official was carrying out official duties when the loss occurred;

B. the loss was not the result of an illegal, incorrect, or improper payment; and

C. the loss was not the result of fault or negligence by the official.

The finding of the Secretary of Defense is conclusive on the Comptroller General. In all cases of physical loss by disbursing officials, the Secretary of Defense is the relief authority, regardless of the amount of the loss. The Secretary of Defense has delegated authority to the Director, DFAS to act for the Secretary of Defense to make the required determinations and grant or deny relief on all requests for relief of liability for physical losses submitted under the provisions of this Volume. The Director, DFAS has delegated this authority to the Directors of the DFAS

Centers unless the disbursing official is physically located at the DFAS Center, in which case the DFAS Deputy Director for Finance shall grant or deny relief.

## 060903. Illegal, Incorrect, or Improper Payments

A. General. The Comptroller General may relieve a present or former disbursing official of liability for an irregularity caused by an illegal, incorrect, or improper payment when the Comptroller General decides that the payment was not the result of bad faith or lack of reasonable care by the official. However, relief may be denied when the Comptroller General determines that diligent collection action was not pursued according to prescribed procedures. Except as provided in subparagraph 060903.B below, the Comptroller General is the relief authority in all cases of illegal, incorrect, or improper payments. The Comptroller General acts on his own initiative or upon a written recommendation of the Secretary of Defense, but independently determines whether relief should be granted. The Secretary of Defense has delegated authority to the Director, DFAS to act for the Secretary of Defense in making the required recommendations on all requests for relief of liability for illegal, incorrect, or improper payments submitted under the provisions of this Volume. The Director, DFAS has delegated this authority to the Directors of the DFAS Centers.

B. Illegal, Incorrect, or Improper Payments in Double Payment Cases. In Comptroller General Decision B-244972 (reference (af)), the Comptroller General delegated to the Secretary of Defense (or his designee) the authority to relieve DoD DOs for irregularities in their accounts because of illegal, incorrect, or improper payments in double payment cases and for overpayment cases resulting from mechanical and/or clerical errors during the check issuance process. The overpayments for which relief authority was delegated result from mechanical or clerical errors during the check issuance process or from the issuance of a second check (recertified payment) to a payee based on the payee's signed statement that the original check had been lost, stolen, or not received. The irregularities occur: when the original check (along with its replacement/recertified check) is negotiated by the payee; or when checks are issued in incorrect amounts as a result of inadvertent clerical errors.

This delegated relief authority applies only to those cases where the amount involved is \$3,000 or less. The Secretary of Defense has delegated authority to the Director, DFAS to act for the Secretary of Defense in the granting of relief as specified above. The Director, DFAS has delegated this authority to the Directors of the DFAS Centers unless the accountable official operates from a DFAS Center, in which case the DFAS Deputy Director for Finance grants or denies relief of liability. In all instances where relief of liability would not be appropriate, where there is doubt concerning the application of statutory relief standards, and where the amount involved is over \$3,000, the cases shall be referred to the Comptroller General for resolution.

#### 0610 REQUESTS FOR RELIEF

★061001. General. Except as provided in section 0604 of this chapter for minor losses, requests for relief of liability normally will be made by the accountable individual and shall comply with the requirements prescribed in this section. When the accountable individual is other than the DO (i.e., the deputy DO, disbursing agent, cashier, imprest fund cashier, paying agent, collection agent, or authorized custodian), that individual shall submit the request for relief through the accountable DO. In addition, the officer designated to settle the accounts of a former DO may be required to request relief of liability on behalf of a former DO. Generally, the accountable individual should submit the request for relief within 30 days after all required investigative and/or, when appropriate, the DO's required collection efforts have been completed and the loss has been referred to the servicing DFAS Center for further collection action. If an investigating officer has been or will be appointed as prescribed in section 0607 above, a copy of the investigating officer's report shall be included as an attachment to the request for relief.

061002. Format. Requests for relief of liability shall be in the form of a memorandum from the accountable individual. For physical losses, the memorandum requesting relief shall be addressed to the servicing DFAS Center through the accountable DO and the requestor's chain of command. The memorandum and all forwarding endorsements thereto shall provide the DFAS Center with a complete report of the circum-

stances resulting in the deficiency and a reference to the findings of any fact finding body, report of investigation, or other proceeding. For illegal, incorrect or improper payments, the memorandum requesting relief shall be addressed to Office of the General Counsel, U.S. General Accounting Office, 441 G Street, NW, Washington, DC 20548, and shall be routed through the requestor's chain of command and the servicing DFAS Center.

061003. Specific Information Required. Regardless of whether an investigation was conducted, specific information is necessary to provide a complete report of the circumstances resulting in the irregularity. When an irregularity occurs in a DO's account there is a presumption of fault or negligence on the part of the accountable individual(s). It is the responsibility of the individual(s) requesting relief to dispel any doubt that the irregularity was not due to any fault or negligence on their part. When not supplied in the findings of any court of inquiry, board of investigation, court-martial, or other proceedings (including endorsements thereto), the following information shall be supplied and considered in the request for relief and/or the forwarding endorsements, as appropriate. Failure to provide all the information required could contribute to an unfavorable consideration of a request for relief.

A. The specific duty assignment of the accountable individual when the irregularity occurred.

B. A statement showing when, how, and by whom the irregularity was discovered.

C. A description of the actions taken to verify the irregularity and establish how the irregularity occurred.

D. A statement of when the last cash count and balancing was effected prior to discovery of the irregularity.

E. The prevailing circumstances when the irregularity occurred, e.g., volume of money handled, volume of transactions, number of personnel handled, complexity of transactions, actual operating conditions, and whether a shortage of disbursing personnel existed.

F. A copy of the appropriate standard operating procedures in effect at the time the irregularity occurred. If no written procedures are available, a statement shall be provided setting forth the known and utilized procedures at the time the irregularity occurred.

G. A statement indicating whether pertinent regulations and instructions were followed or, if not followed, an explanation and justification for any omissions and deviations.

H. A statement of past involvement, if any, by the individual requesting relief in any prior irregularities.

I. A statement indicating whether theft or other criminal act may have been involved.

J. A description of the manner in which the irregularity is being carried in the DO's account and the identity of the DO.

061004. Forwarding Endorsements. Each addressee in the requestor's chain of command (including the accountable DO when the requestor is other than the DO) shall provide a forwarding endorsement and shall include a specific opinion as to whether the irregularity occurred while the accountable individual was in line of duty and without fault or negligence. A specific recommendation as to whether relief should be granted shall also be included as a part of the forwarding endorsement.

061005. Review of Request for Relief. Upon receipt, the servicing DFAS Center or DFAS Headquarters, Deputy Director for Finance as appropriate, shall review the request for relief as well as all endorsements and the report of investigation for completeness, validity, acceptance, etc. If the request (or endorsements) are not considered adequate, further information will be requested. Relief of liability shall not be granted or denied without review and coordination of the Office of General Counsel at the servicing DFAS Center or Headquarters, as applicable.

061006. Relief Granted. If relief is granted, the servicing DFAS Center will provide a memorandum of instruction for removal of the deficiency from the DO's account.

061007. Funding for Removal of Irregularities.

A. General. In all cases, the ideal method for resolving an irregularity is recovery from the beneficiary of the irregularity (i.e., recovery of missing cash from the finder or recoupment from the payee in cases of overpayment, double payments, etc.), or in cases where the accountable individual is denied relief of liability, collection from the accountable individual. Prior to establishment of DFAS, each DoD Component with disbursing authority maintained appropriated funds to resolve irregularities. Since establishment of DFAS, some disbursing offices have been capitalized by DFAS and some are under DoD Component authority. In addition, under capitalization, military members and civilian employees of the serviced DoD Components have been or will be appointed to some of the accountable positions at capitalized DFAS disbursing offices. The following subparagraphs establish the funding responsibilities when relief of liability is granted and where the ideal method of recovery is otherwise not possible.

★ B. Physical Loss of Funds. Physical losses of funds are carried on line 7.3 of the DO's SF 1219. When the losses cannot be recovered (including those instances where relief of liability has been denied and recoupment cannot be made from the accountable individual) or relief of liability is granted to the accountable individual, appropriated funds must be made available to remove the deficiency from the DO's SF 1219. If the accountable individual (the individual responsible for the loss of funds) was a DFAS employee or a military member assigned to DFAS when the loss occurred, DFAS is responsible for providing the appropriation and funding necessary to resolve the irregularity. If the accountable individual was a service DoD Component member or employee when the loss occurred, the DoD Component is responsible for providing the appropriation and funding necessary to resolve the irregularity.

C. Illegal, Incorrect, or Improper Payments. As a general rule, losses due to illegal, incorrect, or improper payments are not carried on the DO's SF 1219 as a loss of funds since an appropriation was charged when the payment in question was made. However, there are exceptions to this general rule. For example,

an exception occurs when the Treasury issues check issue overdrafts against a DSSN. If the illegal, incorrect, or improper payment is not or cannot be recovered from the recipient, the DO (and in some instances, the accountable individual responsible for the irregularity) must request relief of liability for the loss. If relief of liability is denied, the loss must be collected from the DO or other accountable individual and the proceeds credited to the appropriation originally charged for the payment. If relief of liability is granted; the loss cannot be recovered from the recipient; and, in some cases, the liability of the accountable individual is extinguished by operation of the three-year statute of limitations; the amount of the illegal, incorrect or improper payment normally remains charged to the appropriation charged when the payment was made. However, if adjustment to the appropriation account to which the payment was charged is determined necessary as provided in Title 7 of the GAO Manual (reference (x)), the amount of the illegal, incorrect or improper payment shall be charged as provided in subsection (d)(1) of 31 U.S.C. 3527 (reference (o)).

061008. Relief Denied. If relief is denied, the commander will be directed to take immediate collection action against the accountable individual. Procedures for effecting collection of irregularities are prescribed in Part II of this Volume. Procedures for processing and accounting for collections of irregularities are prescribed in chapter 19 of this Volume.

## PROCESSING LOSSES OF FUNDS DUE TO PHYSICAL LOSS

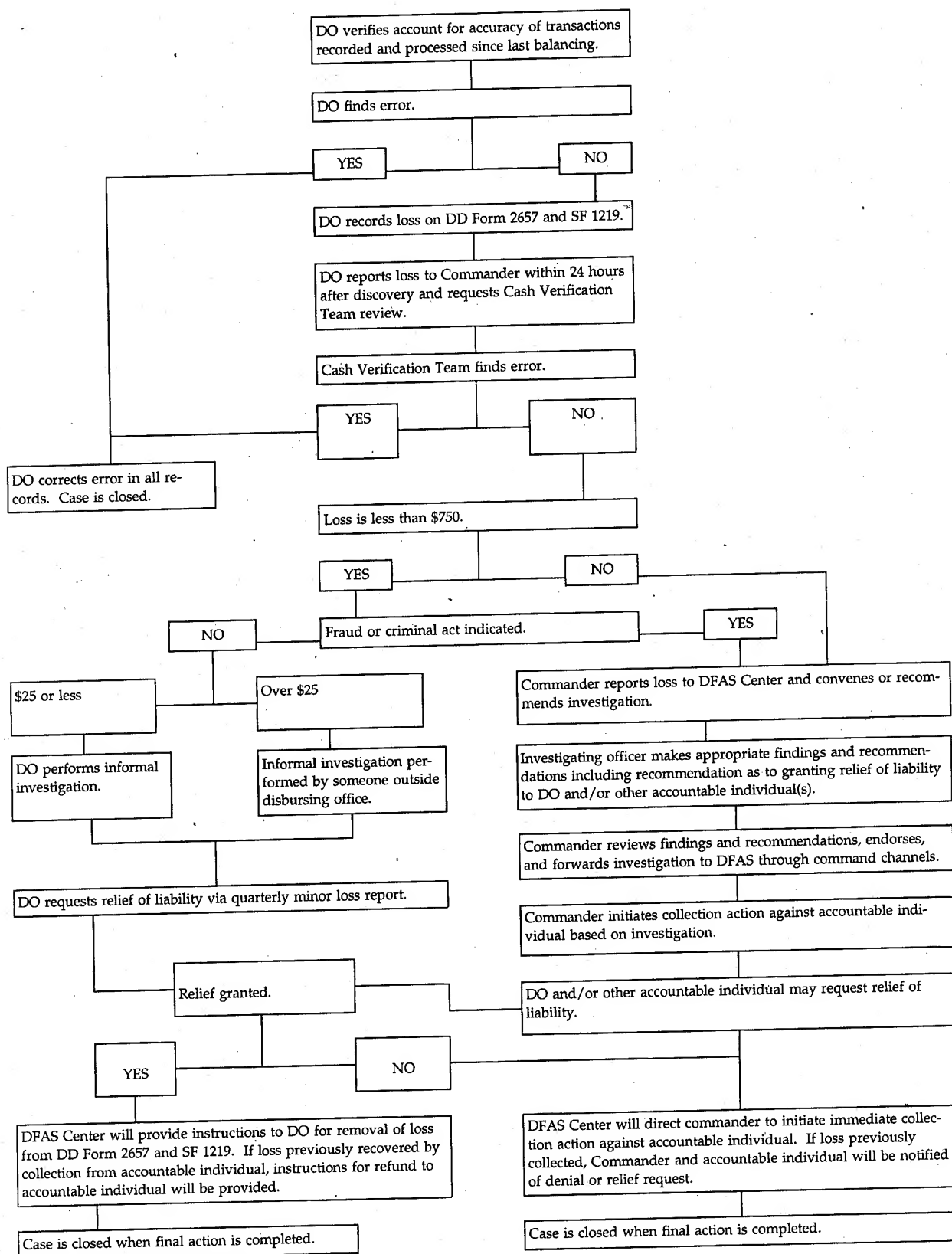


Figure 6-1. Summary of Actions on Physical Loss of Funds

## PROCESSING LOSSES OF FUNDS DUE TO ILLEGAL, INCORRECT, OR IMPROPER PAYMENTS

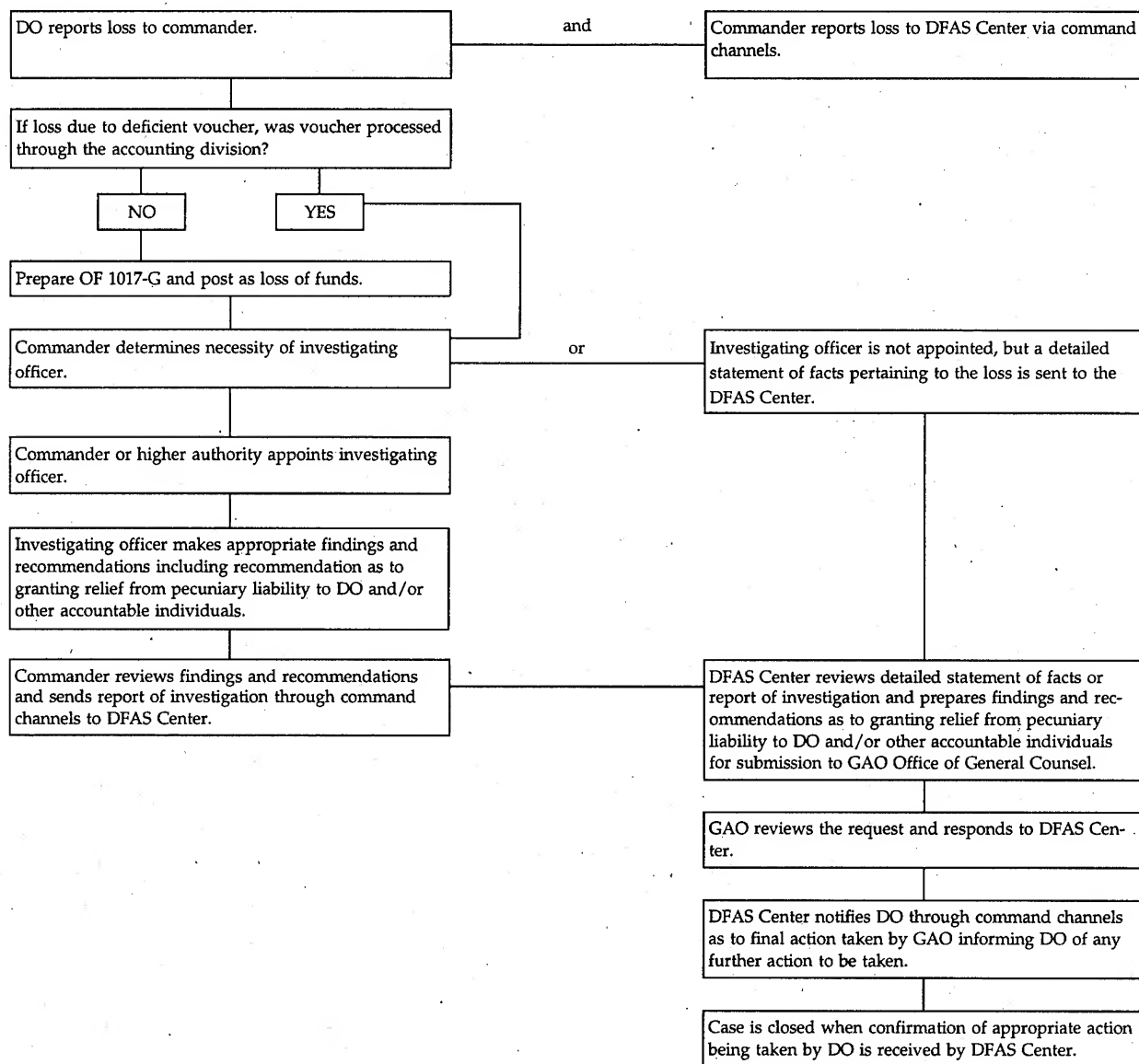


Figure 6-2. Summary of Actions on Loss by Illegal, Incorrect, or Improper Payment



DD Form 2667, AUG 93

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[illegible]

DD Form 2667, AUG 93

Figure 6-4. Sample DD Form 2667, Subsidiary Accountability Record (Quarterly Minor Loss Report)

**USE APPROPRIATE LETTERHEAD**REPLY TO  
ATTN OF

ACF

January 3, 19XX

SUBJECT

Minor Loss of Funds Report, October 1 - December 31, 19XX

TO

DFAS-DE  
Denver, CO 80279-5000

1. The attached DD Form 2667 detailing minor losses of funds for the quarter ended December 31, 19XX is submitted per DoD Financial Management Regulation, Volume 5, paragraph 060402.F. Investigation of the losses associated with this report disclosed evidence that there has been no fraud, intent to defraud, or other misconduct on the part of myself or other accountable individuals within this organization.
2. As evidenced by the attached investigatory reports, all losses associated with this report are considered to be within the accountable individual's line of duty.
3. Please direct questions, comments, or further discussion of the attached report to Mr. J. Johnson, Deputy, DSN 965-2138.

KEVIN BROWN, Capt, USAF  
Disbursing Officer1 Atch  
DD Form 2667 w/atc

cc: HQ TAC/ACF

(NOTE: If this is an out-of-cycle submission,  
add the following paragraph to the above:  
"This report is submitted due to relief of  
the DO on (enter date of relief)." )

Figure 6-5. Sample Transmittal Letter for Quarterly Minor Loss Report

DD Form 2667, AUG 93

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## CHAPTER 07

U.S. TREASURY CHECKS0701 GENERAL

070101. Authorized Purposes. DOs shall issue checks only in pursuance of law and regulations for the following purposes: military pay and allowances; civilian payrolls; public vouchers for purchases and services; travel claims; authorized advances to travelers and agents; deposits to the credit of the U.S. Treasury; and, exchange-for-cash. The drawing of any check to an individual payee for the purpose of making payments to non-Governmental agencies such as the American Red Cross is prohibited.

070102. Negotiability. All U.S. Treasury checks are payable up to 1 year from the date of issue. Checks issued prior to October 1, 1989 were void effective October 1, 1990. Checks presented for payment that are not negotiable due to the above criteria shall be verified to still be a valid payment and replaced, if appropriate, as prescribed in chapter 08 of this Volume.

070103. Check Types

A. Regular-Issue Checks. Regular-issue checks are standard checks with preprinted check symbol/serial numbers and magnetic ink character recognition (MICR) encoding. Standard checks are the only instruments which DOs are authorized to draw on the account of the Treasury.

B. Control Checks. Control checks can be distinguished from regular-issue checks by the presence of a preprinted eight-digit control number in the center of the check just below the solid black line, vice a preprinted check number in the upper right corner. Control checks are for issuance to replace spoiled checks.

C. Test Grid Checks. Test grid checks provide the format of the check by grid lines for use in testing or aligning automated check writing equipment. They are white with a non-reproducible blue test grid (eight vertical lines per inch and ten horizontal character positions per inch). Test grid checks are printed for Government-wide use. Date and dollar

boxes are to be ignored since these boxes are not preprinted on checks. Test grid checks are not for issuance.

D. Unnumbered Checks. Unnumbered checks are regular-issue checks without preprinted check symbol/serial numbers and magnetic ink character recognition (MICR) encoding. These checks are for use only by DFAS Centers. Unnumbered checks are controlled by a preprinted Inventory Control Number (ICN). Special check-writing equipment is required to issue unnumbered checks.

★ E. Specimen Checks. Specimen checks are identical to unnumbered checks except that each specimen check is overprinted with the words "SPECIMEN CHECK - NON-NEGOTIABLE" in the signature space. Specimen checks should be safeguarded the same as blank checks although they have "SPECIMEN - NON-NEGOTIABLE" preprinted across them. A blank check marked "Void - Not Negotiable, No Check Issued Under this Number" should be used if available; otherwise, a piece of paper or card of check size (3 1/4" X 7 3/8") may be used.

★ F. Check Serial Numbers. When all serial numbers of a symbol have been used, FMS will assign a new checking account symbol for the next supply of checks, if necessary. Accordingly, as serial numbers of checks issued approach 99,999,999, the disbursing officer should notify FMS's Check Reconciliation Branch, through the servicing DFAS Center, so a new checking account symbol can be assigned before the next supply of blank checks is ordered. When ordering the new check supply, the disbursing officer should allow additional time for the proof to be changed (in addition to the time normally required to print and deliver the checks).

★ G. Check Numbers. The initial order for serially numbered checks must specify that the numbers begin with 00,001,000. Depending on the quantity of checks ordered, the serial numbers must end in 00,000,999, as appropriate. Subsequent orders must specify serial numbers

that follow exactly in sequence as those on preceding orders. The initial order for control numbered checks will specify the beginning number as 00,000,001 and the ending number as the quantity of checks ordered; for example, 00,002,000 for 2,000 checks. Subsequent orders for control checks must specify control numbers that follow exactly in sequence as those on preceding orders.

#### 070104. Check Features

A. General. Disbursing activities are authorized to issue only multicolored, standard size checks against the account of the Treasury. A standard size check measures 7 3/8 inches in length and 3 1/4 inches in width.

B. Pre-encoded Magnetic Ink Characters. Certain information is encoded in magnetic ink along the lower edge of regular-issue and control checks. The magnetic ink character recognition (MICR) area extends across the width of the check from positions 14 to 54 and from the bottom edge of the check up 5/8". The MICR line will consist of a nine-digit check serial number in positions 23 through 31, a nine-digit transit number in positions 34 through 42, a five-digit check symbol number in positions 49 through 53, and the appropriate MICR symbols denoting preprinted symbol and serial numbers. The serial number is not encoded on control checks.

#### 070105. Check Dating and Handling

A. Drawing the Check. All checks drawn on the Treasury shall be inscribed to the payee by name, or to a financial institution for credit to the account of the named payee, except when the check is drawn as an exchange-for-cash. The rules governing exchange-for-cash checks are in section 0705 of this chapter. Under no circumstances will a check be made payable to "cash."

B. Dating and Mailing of Checks. DOs shall not issue checks in payment of salaries prior to the completion of the service for which the payment is being made or prior to the scheduled payday, unless authorized (e.g., advance pay). However, a DoD Component is authorized to have a policy of mailing checks to payees prior to a military or civilian payday to ensure

that the payment is available when due. If it is necessary to mail the check prior to payday, the check shall not be dated prior to the date of the scheduled payday. In the event that this method of pay delivery is used, the agencies being serviced shall have internal controls that alert the DO when a payee becomes ineligible for scheduled pay (unauthorized absence, separation, etc.) and ensure that pay intercept procedures can be initiated.

#### C. Legal Representatives

1. Legal Representative of Estate of Decedent. A check may be drawn payable to the order of a legal representative of the estate of a deceased person. The payee on the check shall be named as follows: "John K. Smith, Executor (Administrator, etc.) of the estate of James R. Jones." Under no circumstance shall checks be made payable to "the estate of" a decedent or to a deceased person.

2. Committee or Guardian. A check may be drawn and made payable to the order of a legally appointed committee, guardian, or other legal representative of a mentally incompetent payee when specifically authorized as prescribed in Volumes 7 and 8 of this Regulation.

3. Power of Attorney. The payee of a check may authorize another person to pick up the check by execution of a specific power of attorney that clearly states the holder is entitled to pick up U.S. Treasury checks on the payee's behalf. The person picking up the check shall sign his or her own name on the voucher next to the words "Attorney-in-Fact," followed by the name of the person granting the power of attorney. A copy of the power of attorney shall be retained by the DO. The DO shall verify the identity of the holder. Payments made to the holder of a power of attorney that require "secret or confidential identity" shall be processed using a cover voucher inserted instead of the original. The original voucher with a copy of the power of attorney shall be transmitted to the responsible security office with instructions delineating how long the records shall be maintained.

070106. Signing Blank Checks. The signing of blank checks is prohibited.

070107. Security and Storage. Blank Treasury checks shall be stored in a secure container following the specifications in chapter 03 of this Volume. The checks shall be kept under lock and key or the safe of the DO or deputy. The DO shall ensure that the conditions of storage are such that deterioration of the surface tint and design of the check, which is sensitive to moisture, light, and heat, will be prevented. The DO shall accept checks which bear printing of a satisfactory color and strength, and if subsequent deterioration occurs, a replacement supply shall be obtained. Check stock may be stored in safes or vaults to which both the DO and the primary deputy have access. However, only one individual should be given primary responsibility for maintaining the check stock and related control records. Access by others should be limited to those occasions when the principal custodian is absent. Check stock shall be maintained under the control of the DO. In cases of joint custody, the DO shall ensure that no break in accountability occurs. The DO or deputy shall be accountable for the check stock at all times. This provision is intended only to provide for access to the check stock during periods of brief or unexpected absence of the single individual (either the DO or a deputy) who exercises normal day-to-day responsibility for the check stock.

070108. Blank Check Control Log. Each DO shall maintain a blank check control log for each series of checks used. This log shall be used to maintain a perpetual inventory of checks on hand as well as controlling the release of checks to the check and bond issuing section. At a minimum, the blank check control log shall contain the: date; beginning check number; ending check number; balance of checks on hand; initials of the persons advancing or receiving checks; and initials of persons returning or receiving checks. The DO or designee shall examine the blank check control log daily to ensure that all checks drawn and checks returned unused are accounted for and that no checks have been removed without authority.

\*070109. Blank Check Issue and Audit. Blank checks shall be issued from the check stock in blocks of appropriate size by serial numbers. The DO shall use a blank check control log as prescribed in paragraph 070108 above to release blank checks to check-writers and to monitor return of blank, voided, or spoiled checks to the

vault. The control log shall also be used to control issuance and return of checks between the DO and sites external to the disbursing office where the checks are prepared. In this case, a receipt shall be obtained for the checks issued, and the person or persons in charge of the working stock shall keep a record of checks issued daily to each clerk for preparation and shall examine daily the record of checks drawn and checks returned unused by the clerks to determine that all checks are accounted for and that no checks have been removed without authority. At least once every 60 days, the DO or designee shall take inventory of the check stock. Any open container shall be inventoried by individual count of the checks contained therein. All damaged cartons, or those bearing evidence of having been tampered with shall be opened and the checks contained therein shall be counted individually. A record of the quarterly inventory and total of checks on hand shall be retained in the disbursing office. The check inventory may be assigned as a responsibility of the appointed cash verification team.

\*070110. Lost or Stolen Blank Checks. When blank checks are lost or stolen, the DO shall immediately notify the commander, the nearest office of the U.S. Secret Service (by message or telephone), as well as the Treasury. The notice shall be confirmed by memorandum to the Department of the Treasury, Financial Management Service, Check Reconciliation Branch, PGC-2, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, with copies to: the U.S. Secret Service; the appropriate DoD Component investigative service; the servicing DFAS Center; and local banks (if appropriate). The notice may be transmitted by electronic means (FAX), telephone (301) 436-6510 or the most rapid means of communication available and shall include the following: the DSSN; the serial numbers of the checks (or control numbers if control checks) involved; a statement giving complete information concerning the circumstances of the loss or theft; and the date the loss was referred to the Secret Service for investigation. Note: If the loss involves a range of consecutive serially numbered checks, only the beginning and ending serial numbers of the range is required. Only after the report advising of the loss is sent will the check serial numbers be reported to the Treasury as check issues. Checks that are discovered to be missing, lost, or stolen prior to



issuance (including any items missing from blank check shipments received from the contractor), should be treated as voids in accordance with I TFM 4-6045.30 and reported on magnetic tape or hard copy to FMS's Check Claims Branch.

070111. Reporting Check Issues. All check issues, including lost or stolen checks, are required to be reported to the Treasury. Detailed check issue reporting procedures are contained in chapter 09 of this Volume. For each lost or stolen blank check, the check-issue detail data shall show the amount as "0" (zero) dollars. If any of the checks are later negotiated, the Treasury will issue an FMS Form 5206, Advice of Check Issue Discrepancy to the DO. Where the lost checks have been reported by the DO (by both message/phone and memorandum) as required, the FMS Form 5206 is not recorded on the SF 1179, Month End Check Issue Summary or the SF 1219. To clear the item, the erroneous FMS Form 5206 shall be returned to the Treasury with a copy of the memorandum reporting the lost or stolen checks. Every FMS Form 5206 shall be responded to immediately, either by return to the Treasury with an explanation or by entry on the SF 1179 and SF 1219 as prescribed in section 0706 of this chapter.

070112. Evidence of Payment. The issuance and mailing of a check to a creditor of the U.S. does not of itself constitute payment of a debt. A debt is not discharged until a creditor has received the amount of the debt in money or its equivalent in law. An acknowledgement of receipt of the check is also not evidence of payment. The endorsement of the payee is evidence provided that the check was negotiated. The endorsed check is the receipt to the Government.

## 0702 PROCUREMENT OF TREASURY CHECKS

\*070201. General. All orders for U.S. Treasury checks shall be made using GPO Form 2431, Print Order - Department of the Treasury Checks and Proofs (nine-part carbon)(R 9-90). No other purchasing documents are required or authorized. The order and shipping time for the checks is 90 days. DOs should maintain a 6-month safety supply level of checks on hand. Therefore, reorder levels should be set for when

the check stock falls to the 9-month supply-on-hand level. All check orders shall be prepared and forwarded to the DO's servicing DFAS Center following the detailed guidance provided by that Center. A newly established DSSN should submit the check order at least 4 months prior to the planned commencement of disbursing operations. Cancellation of check orders shall be requested by telephone or message through the servicing DFAS Center. The Government Printing Office (GPO) will charge a fee of \$10 for each order canceled. In addition to the GPO cancellation fee, a separate fee will be charged by the contractor if an order is canceled after check production operations have begun. Check order forms are available from the following DFAS Centers:

Defense Finance and Accounting Service  
Cleveland Center  
DFAS-CL/JFE  
Cleveland, OH 44199-2056

Defense Finance and Accounting Service  
Columbus Center  
DFAS-CO/FP  
Columbus, OH 43218-2317

Defense Finance and Accounting Service  
Denver Center  
DFAS-DE/WLS  
6760 E. Irvington Place  
Denver, CO 80279-8000

Defense Finance and Accounting Service  
Indianapolis Center  
DFAS-IN/AH, (Mail Stop 90)  
8899 East 56th Street  
Indianapolis, IN 46249-2201

Defense Finance and Accounting Service  
Kansas City Center  
DFAS-KC/AE  
Kansas City, MO 64197-0001

\* A. Designation of Officials Authorized to Sign Check Requisitions. Before any check purchase orders are submitted, the ordering agency must have designated one primary and one alternate official as having authority to sign check purchase orders. Designations for this purpose are accomplished by completion and submission of a FMS Form 5-89, Signature File - U.S. Treasury Check Orders, to the Financial

Management Service, Check Reconciliation Branch. These forms may be obtained by contacting the Check Reconciliation Branch. The FMS Form 5-89 is used to verify the signature on check purchase orders to ensure that only authorized officials requisition checks.

★ B. Blank Check Assemblies

1. Assembly A, Single check style.
2. Assembly B, Single check and two prenumbered tissue copies assembled in snap-out style interleaved with one-time carbons and 1/2" binding stub on the right end of the check.
3. Assembly C, Single check with one prenumbered tissue copy assembled in snap-out style interleaved with a one-time carbon and a 1/2" binding stub on the right end of the check.
4. Assembly D, Continuous form single checks, 8 1/2" wide (including a 9/16" perforated margin on each side for pinfeed or overplaten feed devices).
5. Assembly E, Continuous form checks with right stub (4000 checks and 4000 stubs per carton), 15 7/8" wide (including a check-sized stub on the right side and a 9/16" perforated margin on each side for pinfeed or overplaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.
6. Assembly ER, Continuous form checks with right stub (40,000 checks and 40,000 stubs on a roll), 15 7/8" wide (including a 9/16" margin on each side for pinfeed or overplated feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive Inventory Control Number (ICN) is printed at the top of the check.
7. Assembly F, Continuous form of two checks in tandem in fanfold (8000 checks per carton), 15 7/8" wide (including a 9/16" perforated margin on each side for pinfeed or overplaten feed devices). Checks with preprinted symbol and serial numbers are numbered with even numbers on the left and odd on the right.
8. Assembly G, Continuous form checks with a check-sized stub on top, 8 1/2"

wide (including a 9/16" perforated margin on each side for pinfeed or overplated feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

9. Assembly H, Continuous form of two checks in tandem (80,000 checks on a roll), 15 7/8" wide (including a 9/16" margin on each side for pinfeed or overplated feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive Inventory Control Number (ICN) is printed at the top of the check. Checks ordered without prenumbered symbols and serial numbers have a consecutive inventory control number printed at the top.

10. Assembly I, Continuous form checks with stub, 15 7/8" wide (including a check sized stub on the left side and a 9/16" perforated margin on each side for pinfeed or overplated feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

070202. Emergency Checks. An order for emergency checks shall be made to the servicing DFAS Center. The DO's request shall be in writing (by message or memorandum) and include complete justification for the order: The request shall specify the DSSN under which the checks will be issued and the name of the DO. Orders should specify quantities in multiples of 1000 checks and the quantity should be sufficient to last until regular-issue checks are received. Identify the unfilled check order number and date of that order in the request. Orders for emergency checks shall be kept to an absolute minimum and shall be placed only as a last resort. Emergency checks shall be completely used before any new stock of regular issue checks are issued. Cancellation of emergency check orders shall be requested by telephone or message to the servicing DFAS Center. No fees are charged for canceling emergency check orders.

070203. Receipt of U.S. Treasury Checks

A. Receipt. Upon receipt of a check shipment, the DO or designee shall verify that all checks have been received and, based on a representative sample, make an examination of the accuracy of the printing and check sym-

bol/serial numbers in the upper right corner of the checks and in the magnetic ink character recognition (MICR) field. Any box which bears evidence of tampering shall be opened and the checks counted individually. An acknowledgment of receipt of the checks to the vendor is not required. However, an "Advice of Shipment" form is mailed by the vendor to the ordering activity 2 days prior to actual shipment of the checks. The upper portion of the form describes the checks being shipped. The lower portion of the form is an inspection/receipt report. This form is to be signed and forwarded to the servicing DFAS Center after receipt and verification of the order.

B. Warranty. The vendor provides a 120-day warranty on the checks it produces. The warranty period begins the day the checks are delivered to the user. Therefore, it is the responsibility of the office that receives the checks to determine any obvious defects or missing stock before the warranty period expires. Otherwise, the vendor may not be liable for making replacements.

C. Defective Check Shipments. Note the following:

1. If checks are missing from the shipment or if check stock is defective in some other way and replacement of stock is warranted, contact the servicing DFAS Center.

2. If checks are damaged when received, in addition to the notification above, the DO should contact the trucking company or, if checks were sent by registered mail, the U.S. Postal Service to initiate a claim for damages, if appropriate.

3. If a check shipment is received which contains more than one check with the same check serial number, in addition to the notification to the servicing DFAS Center, the DO shall destroy each check which bears a duplicate serial number. The check serial numbers of the duplicate checks shall not be reported as zero dollar amounts in the check issue report since the remaining checks bearing these serial numbers may be issued in the normal manner. The checks bearing the duplicate numbers shall be marked "VOID - NOT NEGOTIABLE" and destroyed locally within 30 days.

4. If checks are discovered missing in the receipt verification process or at any time thereafter, in addition to the notification to the servicing DFAS Center, the DO shall notify the nearest DoD Component investigative service for referral and liaison with the U.S. Secret Service.

5. If checks are received which are intended for another disbursing office, immediately contact the servicing DFAS Center.

070204. Transfers Between DOs. Checks transferred between DOs as a part of the relief from disbursing duty process shall be counted individually when they are not in the original packages.

#### 0703 ISSUANCE OF TREASURY CHECKS

070301. Check Preparation. Checks shall be used and issued in strict numerical sequence within each series. The information essential to a check includes place of issue, date, serial number of check, payee, amount, signature of drawer, and other identifying information such as the symbol number and designation of title. The legends "SALARIES AND EXPENSES" and "DRAWN FOR ABOVE OBJECT" will not be preprinted on the face of the check. Check explanations (e.g., exchange for cash, salary, etc.) and other special information unique to each disbursing activity may entered at the bottom of the check to the left of the signature area. Extraneous data shall be kept to a minimum. Spaces allotted on the printed check form for specific information shall be used only for the purposes intended. No spaces will be left unfilled in a manner that would allow or facilitate alterations and additions that could lead to forgery or fraud. The completed check will have an orderly appearance and all parts will have good legibility for accurate reading in rapid handling. Overprinting, intersection and crowding shall be avoided. No check may be issued for more than \$99,999,999.99. In instances when the total payment exceeds that amount, two or more checks shall be issued which net to the payment required. Deviation in the check writing procedures outlined herein is not permitted unless authority is first obtained from the servicing DFAS Center.

070302. Reporting Large Disbursements. Since the Treasury is solely responsible for the management of the Government's daily cash position, disbursement transactions affecting the cash position shall be made known to the Treasury in advance of the time of actual disbursement. DOs disbursing \$50 million or more in a single transaction, or in multiple transactions of a common nature shall report to Treasury the following information at least 2 days prior to the payment date: name of the DoD Component (i.e., Army) and DSSN; name and telephone number of the DO; amount to be disbursed; payment date; name and address of the payee (or the payee's bank if the payment is sent to a financial institution); and description of payment (e.g. Military Pay, DD/EFT, Vendor, etc.). For example, if the DO issues 350 various vendor payments totaling \$50 million or more on the same day or issues a payroll totaling \$50 million or more on one day, a report to the Treasury is required. However, if the DO issues a payroll totaling \$18 million and 350 various vendor payments totaling \$40 million on the same day, the report is not required. The above information should be transmitted via FAX (202) 208-1633 or (202) 208-1820 to the Cash and Debt Management Branch, Financial Management Service, or provided by telephone to (202) 208-1771. A copy of the report shall be filed with the DO's monthly retained financial records. When the disbursement is for an intergovernmental transaction between agencies, a report is not required since transfers between Government agencies do not affect the Treasury's cash flow.

070303. Check Print Requirements

A. General. All data printed or typewritten on the checks should be imprinted in such a manner that the print is permanent and not affected by erasure, smudging, moisture, handling, the passage of time, or by other methods which might be intentionally or unintentionally employed to remove or alter the printing without affecting the check itself. Impact printers may be used. Laser type printers which lay an image on the surface of the paper shall not be used. Correctable ribbons used in manual preparation of checks lack the permanence necessary to protect against undetectable alteration, therefore such ribbons shall not be used under any circumstances. The correct position of the date, amount, payee name, and the signature

of the DO is determined by the physical characteristics and layout of the blank check. Deviations from the normal positioning of this information should be avoided. In order to standardize printing and facilitate accuracy verification, words on checks should be inscribed in all upper-case (i.e., capital) letters and punctuation should be omitted, except commas used in addresses and to set off names of more than two payees.

★ B. Pay to the Order of. The payee's name shall be inscribed on checks in such a manner as to assure positive identification. To ensure correct endorsement and for other reasons that have established the custom, the surname of the payee should appear last; the correct order is first name, middle name or initial, and last name. Where the payee has an often used surname (such as "R T Jones" or "J G Smith") the use of initials only instead of the full given name is inadequate to provide a positive identification of the rightful payee. An initial in lieu of a first name will be used only as follows: in cases where the payee's legal given names consist of initials only in which case the words "Initials Only" should be shown after the initials; the length of the surname would leave insufficient space for the full first name; or where the check writing system makes the use of a first name impractical, in which case other positive identifying data such as the payee's Social Security number (SSN) or address shall be shown on the check. While not a violation of the Privacy Act, when a payee's SSN is entered on the check, it should be entered in a location where it will not be visible in window envelopes should the check be mailed. When checks are to be mailed, care should be exercised to assure that the full and complete address of the payee is entered on the checks or envelopes, including as necessary; rural route numbers, box numbers, house numbers, zip codes, and any other information essential for correct delivery.

C. Date. The date is to be printed on the right side of the check below the DSSN and check number, or at the top of the check immediately to the right of and on a line with the place of issue with a base line 9/32" from the top of the check. Check signers equipped with date bands may be used as long as the location of the stamped date does not interfere with preprinted

data or other data to be printed or typed on the check.

D. Numeric Dollar Amount. The numeric dollar amount is to be printed in the upper right quarter section of the check in the area above the signature of the DO and below the checking account symbol; it should be in horizontal alignment with the name of the payee or the amount in the body. The amount figures should be preceded by a dollar sign followed by asterisks to fill the allotted area completely (e.g. \$\*\*\*\*123.45). No space should be left unfilled which might otherwise be susceptible to use for fraudulent insertion. Zeroes shall not be used for fill-in characters preceding amounts. The money amount shall contain no commas. This helps to avoid easy alteration of the amount.

E. Written Dollar Amount. The printing of the amount in the body of a check in words provides the DO and the Treasury greater safety against the alteration of amounts. If it is determined by a disbursing activity that substantial savings in the cost of issuing checks would result or that space is limited, figures only, without any spacing within the amount, may be used in one of the following formats: \$50and75cents; \$50and75/100; or, \$\*\*\*\*123.45.

F. Other Special Information. Special information (e.g. distribution code, computer or typewritten check serial number, Social Security number, or explanations for check issuance) should be printed at the bottom of the check to the left of the signature area. When checks are drawn for public vouchers or payroll payments, the disbursing office voucher number or, the bureau voucher number if applicable, may be inserted on the check at the option of the DO. When checks are issued by an industrial-commercial activity or on a voucher to various payees and no copy of the invoice or voucher is available for forwarding to the payee, the invoice number or other data necessary for the payee to identify the purpose of the payment shall be shown in the special information area. Activities issuing individual direct deposit (DD) checks to financial institutions which are not part of the FRB Automatic Clearing House System, shall inscribe the required DD information: routing transit number; CR, C or S, account number, and type of payment; recipient's name and Social Security number; and local activity information.

Note: Local activity information should be inscribed on the check so it will be readable, not interfere with any of the other inscribed or preprinted information, and not appear in the window envelope.

G. Area for Drawer's Signature. Each check issued must bear one of the following: the manual signature of the DO; an approved facsimile signature of the DO; or the manual signature of a deputy DO who has been appointed as prescribed in chapter 02 of this Volume. Manually signed checks shall have a typed signature line and title of the DO or deputy, depending on who signs the check. For example, checks signed manually by a deputy DO shall be signed below the printed, typed or stamped title of the disbursing officer for whom he is acting as follows:

Disbursing Officer

By \_\_\_\_\_  
(Signature of Deputy).

All signatures on checks (whether manual or by facsimile signature plate) shall be of a permanent dark blue, blue-black, or black ink. The ink should not be subject to fading and not readily soluble in water.

070304. Erasures and Alterations. The DO shall not release checks bearing erasures, alterations, overprinting, or imperfect figures or letters. Such checks shall be spoiled or voided and a new check issued.

070305. Record of Checks Issued. DOs shall maintain a record of every check issued by their DSSN. The record shall contain at least the payee; amount; DSSN; check serial number; and date of the check. Other information as to the purpose for which the check was issued, document numbers, voucher numbers, and local identification codes or numbers are optional and subject to the discretion of the issuing DO. The record may be on paper or in a media designed for data processing use (e.g., diskette, or magnetic tape). Copies of check issue records shall be included in the retained disbursing records.

070306. Supporting Documents. Attach documents and payroll vouchers used to support the record of checks issued to the original vouchers

submitted to the servicing DFAS Center. These supporting documents are not transmitted to the Treasury with the check issue reports. Diskettes formatted for check-issue reporting and submitted to a financial information processing center (FIPC) for consolidation, or tapes sent directly to the Treasury, contain all necessary data for Treasury reporting purposes. Requirements for submission of the SF 1179 are contained in chapter 09 of this Volume.

0704 CHECK SIGNING MACHINES

070401. Machine Specifications. Machines to be used for signing checks shall be selected on the basis of their ability to perform in agreement with Treasury regulations and standards. The machines should have the following mechanical features:

A. A dating device capable of placing the date either immediately above or immediately to the right of the words **UNITED STATES**. It is preferable to have the signature and date imprinted in a single operation; if the check-writing equipment also imprints the date, the check-signing equipment does not need to have this capability.

B. A counting device that will assure full protection against unauthorized use of the DO's signature and provide an accurate record of the number of times the signature die has been used. Disbursing offices currently using check-signing machines which do not have a counting device are authorized to continue use of these machines.

C. A signature die assembly that is removable. The signature die assembly shall be kept in a locked safe or vault or under other equally effective safeguards when not in use.

D. A mechanism capable of processing paper checks. Those offices issuing checks with detachable stubs shall ensure that the feeding device is capable of handling this type of check.

070402. Signature Plates

A. Requisition

1. General. Immediately upon receipt of orders to disbursing duty, the prospective DO shall contact the disbursing activity to determine if check-signing equipment is available and obtain all necessary information such as type of equipment, model and serial number, number of plates required, etc. If the prospective DO already has plates compatible with the equipment, the servicing DFAS Center shall be contacted and requested to forward the plates to the new location. If plates are not available, the prospective DO shall forward three specimen official signatures to the new duty station for use in procurement of a signature plate. The signatures shall be in black ink on blank, unlined, 3 by 5-inch white cards and a statement designating the number to be shown on the plate as explained in paragraph 070402.A.2 below. Upon receipt of the specimen signatures, the DO to be relieved shall immediately prepare and forward a request for procurement to the office regularly providing procurement service. The purchase order for signature plates shall be forwarded to the servicing DFAS Center for approval and forwarding to the contractor. The Center will ensure that plates are ordered in sequential numbering. The purchase order shall include the following information:

a. The type, manufacturer's name, model, and serial number of the check-signing machine.

b. Whether the signature plate is for a machine currently in use.

c. If the plate is to be used on a new and undelivered machine, reference to the procurement papers for the machine including the manufacturer, type, and model.

d. The plate number and the name of the DO.

2. Numbering of Signature Plates. Treasury regulations require that the signature plates of each DO be numbered in sequence in the lower left corner of the border beginning with the number 1. Each order for signature plates shall include the next sequential number for the ordering DO.

3. Multiple Plates. Normally, only one signature plate will be used by the DO



and authorized deputies. An additional plate may be obtained only upon approval of the servicing DFAS Center. Requests for additional plates shall contain complete justification of the need for more than one plate. If the check-signing machine uses one set of two plates for the signing process, approval for multiple plates is required for more than one set of plates.

**B. Format and Quality of Impression.**

The servicing DFAS Center will not accept facsimile signatures which do not meet the required standards. Facsimile signature plates shall be designed such that the frame or border, which encloses the facsimile signature, shall contain no identifying characteristics. The frame or border shall be a single wavy line. The impression of the signature plate shall be characterized by sharpness of lines, a continuous and homogeneous deposit of ink, absence of filling, and absence of pronounced ribbon pattern. The size of the plate shall be:

Length: 1 7/8 inch, plus or minus 1/8 inch;

Width: 1/2 inch preferred (5/8 inch maximum; 1/2 inch minimum).

**C. Approval of Plates.** When the plates are received, the DO whose signature is reproduced on the plates shall run 14 specimen copies of each facsimile signature. The DO shall certify 2 of the copies as true facsimile signatures. All 14 copies shall be mailed to the servicing DFAS Center with a memorandum requesting approval of the facsimile for signing checks. The approving reply of the DFAS Center shall be the authority to use the check-signing machine. In the case of Cummins check signing machines, the contractor (Cummins) runs 14 specimen copies of each plate. The plates are mailed to the applicable DFAS Center, where the specimen copies are compared to the original signatures on the purchase order, and approval is forwarded to the disbursing office. If the specimen copies do not match or the plate does not meet required standards, the DFAS Center notifies the contractor and requests correction.

**NOTE: CHECKS SHALL NOT BE SIGNED BY FACSIMILE SIGNATURES PRIOR TO RECEIPT OF THE DFAS CENTER'S APPROVAL.**

**D. Custody of Signature Plates.** DOs shall establish necessary procedures to ensure control and prevent unauthorized use of signature plates. Custody receipts shall be maintained for all signature plates held by authorized deputies. A record of each run of checks through the check-signer shall be maintained and shall be reconciled with the report of checks issued. When not in use, signature plates shall be kept in an approved safe or vault. If the signature dies are not removable from the check-signing machine, the keys to the machine (or the check-signing machine) shall be kept in an approved safe or vault.

**E. Use of Signature Plates.** Check-signing by signature plate should be performed by the DO or designated deputies. When considered necessary for efficient operation of the disbursing office, the DO may authorize the holder of a specified position other than a deputy to perform the check-signing function. This authorization shall be made in writing. Individuals shall not be appointed as deputies solely to sign checks by signature plate.

**F. Disposition of Plates.** When a signature plate is expected to be used again at a new duty station, the plate shall be forwarded to the servicing DFAS Center for safekeeping. If the plate is to be withdrawn from service and is not to be used again, it shall be forwarded to the servicing DFAS Center for destruction. When the plate has been destroyed, a properly executed certificate identifying the specific plate and date of destruction shall be furnished the DO.

**0705 EXCHANGE-FOR-CASH CHECKS**

**\*070501. General.** Accommodation exchange-for-cash checks are only permitted when satisfactory banking facilities do not exist, and typically only overseas. Personnel eligible to receive accommodation exchange-for-cash checks are listed in chapter 04 of this Volume. Exchange-for-cash checks may be prepared and issued by DoD DOs for official purposes to a deputy, agent, or cashier as an advance of funds; to the Postmaster of the United States for remitting collections for the sale of postal money orders; or, to Western Union for remitting collections for personal messages of military personnel transmitted over DoD communications facilities to points inside CONUS. When exchange-for-cash

checks are issued as advances, the deputy, agent, or cashier shall provide the DO a signed DD Form 1081 as prescribed in chapter 03 of this Volume. Exchange-for-cash checks issued as advances of funds shall be endorsed to the order of the bank or other institution furnishing the cash or, when cashed by another DO, to such officer by title and activity rather than by name as "Pay to the order of the Disbursing Officer (name of ship, station, activity, or unit)." When exchange-for-cash checks are issued for remitting collections for the sale of postal money orders or personal messages, the checks shall be made payable to the Postmaster of the United States or Western Union, as appropriate.

070502. Preparation and Handling. When required by security regulations, the name of the remitter and identifying references to invoices will not be shown on exchange-for-cash checks. Exchange-for-cash checks to payees within the U.S. shall be drawn on the U.S. Treasury. Exchange-for-cash checks for payees outside the U.S. shall be drawn on a limited depository checking account if such an account is maintained by the DO. DOs may inscribe exchange-for-cash checks to themselves, a deputy, or an agent for purposes of obtaining operating or accommodation cash. When authorized in writing by the DO, deputy DOs may inscribe exchange-for-cash checks to themselves for purposes of obtaining operating or accommodation cash. Support the exchange-for-cash check by a memorandum OF 1017-G, Journal Voucher. Number OF 1017-G with a separate series of voucher numbers peculiar to the functional area where the voucher is prepared.

070503. Funds of Deceased or Missing Persons. Funds found in the personal effects of persons who are dead or missing or whose whereabouts are unknown (including absentees and deserters) shall be exchanged for a Treasury check. The check shall be made payable to the payee designated by the officer having custody of the personal effects. The object for which drawn shall be "Exchange-for-cash--Remittance; personal effects of (name, rank or rate, file or service number)." A separate exchange-for-cash check shall be drawn for safekeeping deposits of such persons and the object for which drawn shall include the safekeeping deposit number in addition to the information noted above.

★070504. Exchange-for-Cash Checks Returned as Not Required. Exchange-for-cash checks issued as advances to deputies, agents, and/or cashiers which are returned to the DO as not required shall not be canceled. The deputy, agent, or cashier shall provide the DO with a completed DD Form 1081 indicating return of the check as prescribed in chapter 03 of this Volume. No endorsement on the check by the payee is required. The check shall be endorsed by the DO and deposited as prescribed in chapter 05 of this Volume. DOs shall not accept the return of exchange-for-cash checks from any payee other than a deputy, agent, or cashier. Other exchange-for-cash checks are issued payable to the purchaser and shall be negotiated by the payee.

070505. Exchange-for-Cash Checks Lost, Stolen, or Destroyed

A. When Issued to an Individual. When the payee of an exchange-for-cash check reports that the check has been lost, stolen, or destroyed, the DO shall follow the procedures in chapter 08 of this Volume for unavailable check cancellations except that under no circumstances will the DO issue a recertified check to the payee prior to receipt of credit for the original check from the Treasury. This prohibition is required since the original check was issued in exchange for cash and was not based on any entitlement chargeable to an appropriation.

B. When Issued as an Advance of Funds to a Deputy, Agent, or Cashier. In the case of lost, stolen, or destroyed exchange-for-cash checks which were issued as an advance of funds, the deputy, agent, or cashier shall remain accountable for the funds. The deputy, agent, or cashier shall account for the check as a loss of funds on the DD Form 1081. The procedures for reporting and accounting for a physical loss of funds in chapter 06 of this Volume shall be followed. If considered necessary by the DO due to operational requirements, the lost check may be replaced by a recertified check (or a new advance provided in cash). The recertified check or the new advance shall be documented on a DD Form 1081 signed by the deputy, agent, or cashier. A copy of the SF 1184 shall be attached to the DD Form 1081 to document the status of the lost check and the accountability of the deputy, agent, or cashier. When credit for the lost check is received, the DO shall prepare an



SF 1034 to transfer the credit from Unavailable Check Cancellations and Overpayments, Suspense, \*\*F3880, to offset the loss of funds in the DO's accountability. A copy of the SF 1034 shall be provided to the deputy, agent, or cashier to document Treasury's cancellation of the lost check and use of the credit to offset the loss of funds. A copy of the DD Form 1081 should be filed with the unavailable check cancellation documentation. In cases where the lost check is subsequently negotiated after cancellation by Treasury (Treasury will reverse the previous credit), the deputy, agent, or cashier accountable for the original lost check shall be held accountable and the loss of funds shall be re-established. Normal loss of funds and relief of liability procedures shall apply.

#### 0706 ACCOUNTING FOR CHECK ISSUE DISCREPANCIES

070601. Advice of Check Issue Discrepancy. The Treasury uses the FMS Form 5206 to notify DOs of check issue discrepancies of \$1.01 or more detected during the audit and reconciliation process. The FMS Form 5206 is a computer-generated form which contains a complete description of the discrepancy. The Treasury furnishes three copies of the FMS Form 5206 and a copy of the check referenced on the form to the DO for making the required adjustment. The FMS Form 5206 is a correcting entry and changes the amount reported on the magnetic tape check issue report to the actual amount on the face of the check. Upon receipt of the FMS Form 5206 the DO shall research the check issue data to determine if a payee has been overpaid or underpaid and collect or disburse the adjustment amount if the check was issued for the wrong amount. If the payee has not been overpaid or underpaid, but incorrect check issue information has been reported to the Treasury, the FMS Form 5206 shall be processed on the DO's SF 1179 and SF 1219, even though the documents net to zero. If offsetting FMS Forms 5206 have not been received, the DO shall identify the offsetting error(s) to make the transaction net to zero, and prepare an OF 1017-G to advise the Treasury of the discrepancy. The DO shall make the necessary adjustment following the procedures described in this section. For Navy DOs aboard ships, if the FMS Form 5206 affects the accountability of a previous DO, the current DO shall forward the form with a covering memorandum

to the office where the monthly financial reports are submitted for processing. If the FMS Form 5206 is received during the 90-day record retention period, a copy of the applicable check issue record, SF 1179, and disbursement voucher shall be reproduced from the former DO's retained records and forwarded with the FMS Form 5206. In the event an FMS Form 5206 is received which cites a DSSN other than that of the receiving disbursing station, the form shall be forwarded with a memorandum to the correct disbursing station, if identifiable. If the receiving DO is unable to identify the disbursing station indicated on the FMS Form 5206, the form shall be returned to the Treasury with a memorandum stating the reason for returning the form without action. If an FMS Form 5206 is received citing a discrepancy which was discovered and reported by use of an OF 1017-G, a copy of the OF 1017-G shall be attached to the FMS Form 5206 and the documents returned to the Treasury without further action.

#### 070602. Differences of \$1 or Less

A. Check Issue Discrepancies of \$1 or Less. Discrepancies of \$1 or less between the amount of a check as reported issued in the level 8 magnetic tape and the actual amount of the check paid by Treasury will be adjusted by Treasury.

B. Claims for Underpayments of \$1 or Less. A supplemental check shall be issued and reported as a regular check issue if a disbursing office receives a claim from a payee for an underpayment of \$1 or less. The check shall be included as a regular check issue in Section II, Part A, Column 2 on the reverse of the SF 1219, and a minus adjustment of prior month's issues in Section II, Part A, Column 4 on the reverse of the SF 1219. The amount of the check shall also be reported as a minus adjustment on line 2(b) of the SF 1179 and shall be included as a check issue (in the proper sequence) on the appropriate magnetic tape issue report.

070603. Check Issue Discrepancies of \$1.01 or More. The DO shall prepare an OF 1017-G as prescribed in this section to account for a check issue discrepancy of \$1.01 or more for any prior month or current month's check issue errors that are detected by the disbursing office. No OF 1017-G shall be prepared for check issue errors

detected over 1 year from the issue month of the check. The OF 1017-G shall be prepared as soon as the DO is aware that a discrepancy exists. All OFs 1017-G shall reference the voucher number and date on which the error occurred as well as any other documents affected. The DO shall not wait to receive an FMS Form 5206 from the Treasury.

070604. Adjustment of Duplicate Checks. The Treasury will charge the disbursing office, via the SF 5515, for the second check received for payment with the same DSSN and check serial number. When the DO receives an SF 5515 for a duplicate check to which the payee is entitled, it is normally presumed that the wrong original check number was entered on a control check. The DO shall submit an SF 1184 for the correct original check serial number in order to receive credit. The DO should cross reference the SF 1184 with the memorandum copy of the SF 5515 in the event that the disbursing office may, in the future, need a copy of the duplicate check for claim purposes.

070605. Overdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of \$1.01 or more for overdrafts require collection of the overpayment or, in infrequent cases, a supplemental charge to an appropriation or fund. Upon receipt of the FMS Form 5206, the DO shall review the retained records of checks issued, applicable payment vouchers, SF 1179, and SF 1219 to determine where and how the discrepancy cited on the document occurred. This requirement is to validate that a discrepancy has in fact occurred and to determine the corrective action required to resolve the discrepancy. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the documents listed above), the FMS Form 5206 shall be recorded on the DD Form 2657.

B. Distribution of FMS Form 5206. Distribute FMS Form 5206 as follows:

1. The first copy of the FMS Form 5206 shall be completed by the DO and attached to the current month's SF 1179 in support of line 2(a) "Net Dollar Adjustments to Prior Months."

2. The second copy shall be used to support the adjusting entry on the SF 1219.

3. If the discrepancy is still unresolved at the end of the month, file a copy in the unclaimed differences file pending final resolution of the discrepancy and preparation of the end of month financial reports (additional copies of the form may be reproduced as required).

4. The original shall be retained by the disbursing office.

C. Recording Check Issue Overdrafts.

At the end of the month, the FMS Form 5206 shall be recorded on the SF 1179 (line 2(a) of the Summary portion) and included in the amount recorded on line 3. The FMS Form 5206 shall also be recorded on the reverse of the SF 1219. If the discrepancy is still unresolved at the end of the month, the overdraft shall also be included on line 7.2 (Receivables - Check-Issue Overdraft) of the SF 1219. Two copies of all executed FMS Forms 5206 and OF 1017-G (with supporting documents) shall be kept in an unclaimed differences file pending resolution of the discrepancy.

D. Adjustment Prior to Submission of Financial Reports. In some instances, overdrafts may be discovered prior to submission of the financial reports (SF 1219 and supporting documents) and check issue report (SF 1179) covering the period during which the check was issued. In this event, preparation of the OF 1017-G is not required provided: the check is recovered and voided prior to submission of the check-issue report (the check shall not have been negotiated); and, when the check is correct but the payment voucher is incorrect, the voucher is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions will apply only to Navy DOs aboard ships and those DOs who do not submit daily reports to another disbursing office for processing.

E. Adjustment After Submission of Financial Reports. When a check-issue overdraft is discovered after the financial reports (covering the period in which the discrepancy occurred) have been submitted, the DO or deputy shall make the following adjustments to financial

records and prepare the necessary documents as required below. An OF 1017-G for a check issue overdraft shall be prepared as shown in figure 7-1. The DD Form 2657 shall be posted to reflect the amount of the overdraft as an increase to Checks Issued and an increase to Receivables - Check Issue Overdrafts. At the end of the current reporting period, the OF 1017-G shall be recorded on the SF 1179 (line 2(b) of the Summary portion) and included in the amount recorded on line 3. The OF 1017-G shall also be recorded on the reverse of the SF 1219. The original of the OF 1017-G shall be attached to the SF 1219 and a copy attached to the SF 1179 for the current reporting period to support the entries thereon. If the discrepancy is still unresolved at the end of the current reporting period, the overdraft shall also be included on line 7.2 (Receivables - Check-Issue Overdraft) of the SF 1219 and the remaining copies of the OF 1017-G shall be retained in the uncleared differences file (additional copies of the form may be reproduced as required).

#### F. Resolving Check-Issue Overdrafts

1. Overdrafts are resolved by collection or a supplemental charge to an appropriation. Collection is appropriate when the check was issued in an amount greater than the payee was actually entitled to receive. Supplemental charges to an appropriation are required when the amount of the check is correct but the payment voucher is for a lesser (and incorrect) amount. The three ways to clear the overdraft are described below. No additional entries are made in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the overdraft has been cleared.

2. By Collection. Upon receipt of a collection (in cash or by check, money order, or other negotiable instrument), the DO shall prepare an OF 1017-G to document the transaction and the DD Form 2657 shall be posted to reflect an increase in Cash (or Deposits Presented or Mailed to Bank) and a decrease in Receivables - Check Issue Overdrafts. For this transaction, only the DO's accountability is affected and no credit to an appropriation is involved.

3. By Supplemental Charge to Appropriation. When it is determined that the overdraft was caused by undercharging the

appropriation or fund against which the original check was drawn, an SF 1034 (or a one-sided SF 1081 if preferred by the DO) shall be prepared and recorded against the undercharged appropriation or fund. The DD Form 2657 shall be posted to reflect a Disbursement and a decrease in Receivables - Check Issue Overdrafts. A check is not issued in this transaction.

4. By Supplemental Charge to Military Pay Appropriation and Pay Account Checkage. Overdrafts caused by under-charging the appropriation for military pay and allowances shall be cleared by actions described in Volume 7 of this Regulation to ensure proper charges are entered in the member's master military pay account. An SF 1034 (or one-sided SF 1081) shall be prepared to describe the transaction in complete detail, charging the accounting data shown on the original payment voucher. No check will be issued in this transaction. The DD Form 2657 shall be posted to show a Disbursement and a decrease in Receivables - Check Issue Overdrafts.

#### 070606. Underdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of \$1.01 or more require a supplemental check issue to the payee or in infrequent cases, a credit to an appropriation or fund. Upon receipt of the FMS Form 5206, the DO shall review the retained records of checks issued, applicable payment vouchers, SF 1179, and SF 1219 to determine where and how the discrepancy cited on the form occurred. This requirement is to validate that a discrepancy has in fact occurred and to determine the corrective action required to resolve the discrepancy. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the documents listed above), the DO shall prepare a DD Form 1131 giving credit for the value of the underdraft to deposit fund Accounts Payable, Check Issue Underdrafts, \*\*X6999. The DD Form 1131 and the FMS Form 5206 shall be recorded on the DD Form 2657 as a decrease to Checks Issued and an increase to Collections. The DO's total accountability will remain unchanged. At the end of the current reporting period, the FMS Form 5206 shall be recorded on the SF 1179 (line 2(a) of the Summary portion) and on the reverse of the SF 1219.

B. Distribution of the FMS Form 5206. Distribute the FMS Form 5206 as follows:

1. The first copy of the FMS Form 5206 shall be completed and attached to the current reporting period's SF 1179 in support of line 2(a) titled "Net Dollar Adjustments to Prior Months" and included in the amount recorded on line 3.

2. The second copy shall be used to support the adjusting entry on the reverse of the SF 1219.

3. Two additional copies and at least 2 copies of the DD Form 1131 shall be filed in the uncleared differences file pending final resolution of the discrepancy and preparation of the end of month financial reports.

4. The original shall be retained by the disbursing office.

C. Adjustment Prior to Submission of Financial Reports. In some instances, underdrafts may be discovered prior to submission of the financial reports (SF 1219 and supporting documents) and check issue report (SF 1179) covering the period during which the check was issued. In this event, preparation of the DD Form 1131 is not required provided: the check is recovered and voided prior to submission of the check-issue report (the check shall not have been negotiated); and, when the check is correct but the payment voucher is incorrect, the voucher is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions will apply only to Navy DOs aboard ships and those DOs who do not submit daily reports to another disbursing office for processing.

D. Adjustment After Submission of Financial Reports. When a check-issue underdraft is discovered after the financial reports (covering the period in which the discrepancy occurred) have been submitted, the DO, deputy, or agent shall make the following adjustments to financial records and prepare the necessary documents as required below. A DD Form 1131 shall be prepared crediting deposit fund Accounts Payable, Check Issue Underdrafts,

\*\*X6999. The DD Form 2657 shall be posted to record a decrease to Checks Issued and a Collection. The DO's total accountability is unchanged. At the end of the accounting period, the DD Form 1131 shall be recorded on the SF 1179 (line 2b of the Summary portion) and included in the amount recorded on line 3. The DD Form 1131 shall also be recorded on the reverse of the SF 1219. A copy of the DD Form 1131 shall be attached to the SF 1179 submitted with check issue reports. Two copies of the DD Form 1131 shall be retained in the uncleared differences file until the discrepancy is cleared.

E. Resolving Check-Issue Underdrafts. The two ways to clear an underdraft discrepancy are described below. No additional entries are made in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the underdraft has been cleared.

1. By Supplemental Check. When the payee is entitled to the amount of the underdraft, an SF 1034 shall be prepared charging Accounts Payable, Check Issue Underdrafts, \*\*X6999. A check shall be drawn in favor of the original payee. The DD Form 2657 shall be posted to record a Check Issue and a Disbursement. Total accountability is unchanged.

2. By Credit to the Appropriation. When the underdraft discrepancy was caused by overcharging the appropriation and credit is due the appropriation, an SF 1081 shall be prepared charging Accounts Payable, Check Issue Underdrafts, \*\*X6999 and crediting the appropriation charged on the original payment voucher. The DD Form 2657 shall be posted to record a Collection and a Disbursement. Total accountability will be unchanged.

070607. Adjustments to Financial Reports Previously Submitted. Upon clearance of a check issue discrepancy (overdraft or underdraft), the file copy of the FMS Form 5206, OF 1017-G, or DD Form 1131 shall be removed from the uncleared differences file and one of the following legends shall be annotated, as appropriate: "See Deposit Ticket No. \_\_\_\_\_, dated \_\_\_\_\_"; "See Check No. \_\_\_\_\_, dated \_\_\_\_\_"; or, "See Adjustment Voucher No. \_\_\_\_\_, dated \_\_\_\_\_". The third copy shall be attached to the document effecting the clearance of the outstanding accountability item in the accounts of the DO

for submission with the SF 1219. The fourth copy shall be retained in the disbursing office files as a record of the completed action on adjusting the discrepancy.

070608. Erroneous Information Reported on the FMS Form 5206. If after review of the FMS Form 5206, the copy of the check, the disbursement voucher, and the check issue report data, the DO determines that the check was paid through the banking system for an amount different from that for which the check was issued (i.e., the voucher, check issue report, SF 1179, SF 1219, and the check were all prepared and reported for the same amount, but the check was paid in a different amount), the FMS Form 5206 shall be returned to Treasury with a memorandum stating the reason for returning the document without action. The memorandum shall be supported by copies of all the documents used to determine the FMS Form 5206 to be in error. Generally, the situation described above is indicative of a bank processing error or alteration of the check by the payee. In either event, the explanatory memorandum to Treasury returning the FMS Form 5206 shall be sufficiently clear to cause Treasury to initiate reclamation action through the banking system.

070609. Relief of Liability. Both underdrafts and overdrafts are illegal, incorrect, or improper payment irregularities in the accounts of the DO. The DO has the authority and the means to correct underdrafts. Overdrafts are frequently not within the power of the DO to correct. If the check issue overdrafts resulted in overpayment of a payee, that overpayment is an erroneous payment debt. When the DO has attempted to contact the payee and failed; or, when the payee has been notified and has neither the ability and/or the inclination to make restitution, the DO shall transfer the debt to the servicing DFAS Center for further collection action. In order to meet GAO required standards for relief of liability, uncollectible overdrafts must be transferred to the servicing DFAS Center within 90 days. After the debt has been transferred, relief of liability for the illegal, incorrect, or improper payment may be requested following the procedures in chapter 06 of this Volume.

Optional Form 1017-G (9-79)  
Title 7, GAO Manual  
501017-810

**JOURNAL VOUCHER**J.V. No. 25Date Oct. 23, 19XX

REFERENCE	EXPLANATION	DEBIT	CREDIT
DV # 475129	Accounts Receivable--Check issue overdraft Check issue, Sep XX  Check was drawn for \$1500.00 payable to Joe Doe. The payee was due only \$1000.00, which was the amount shown as charged to the appropriation on the disbursement voucher.  DSSN: 2222 Check No.: 00,141,123 Date Issued: 21 Sep 19XX Original amount reported: \$1000.00 Correct issue amount to be reported: \$1500.00	500.00	500.00
Total		500.00	500.00

Prepared by Darrell Johnson Approved by Hank Snow  
(Signature) (Signature)  
Deputy Disbursing Officer Disbursing Officer  
(Title) (Title)

Figure 7-1. Sample OF 1017-G, Journal Voucher

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## CHAPTER 08

CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION0801 PROMPT DELIVERY OF CHECKS

080101. General. After preparation, checks shall be delivered promptly to the payee. With respect to payroll checks, the DoD has mandated participation in the Direct Deposit Program (DD/EFT) for all newly enlisted, reenlisted, appointed, or retired military personnel and all newly hired civilian personnel.

080102. Delivery of Checks. DFAS policy on the delivery of checks is:

A. Checks shall be properly safeguarded and should be handled as few times and by as few people as practical.

B. Controls shall include procedures for ensuring the proper custody, signing, and delivery of checks. If checks are handed to the payees, identification is required.

C. Checks not delivered within the time specified by the DO shall be returned to the DO promptly.

D. Checks shall be kept in a safe, vault, or locked fireproof cabinet, pending distribution or return to the DO.

E. Personnel engaged in pay delivery activities shall be designated in writing and adequately supervised in order to help prevent any unauthorized, fraudulent, or other irregular activities.

080103. Delivery by Mail. The normal method of check delivery is by mail through the U.S. Postal Service. Delivery shall be made to the payee's residential mailing address or post office box. At overseas activities where personal mail is received through the organizational address, the organizational address shall be considered as the payee's residential mailing address. In all other cases, an organizational address is not considered a valid mailing address. Where commanders or their designee find that in individual cases it is not practical to mail checks,

each commander may provide a specific location where the payees may obtain their paychecks, with proper identification. If checks are mailed to a specific location for delivery, the DO shall make a written appointment of the person at the specific location who will deliver the checks as a designated third party (see paragraph 080105 below).

080104. Outside the United States

A. Restrictions. The Secretary of the Treasury has determined that agencies shall not issue checks intended for delivery in the following prohibited areas: People's Republic of Albania; Republic of Cuba (except checks sent to the Naval Base, Guantanamo Bay for delivery to payees at the base); Democratic Kampuchea (Cambodia); North Korea; or, Socialist Republic of Vietnam. See Circular 655 (reference (ag)). In lieu of issuing a check, the DoD Component shall withhold payment and establish the liability on its books.

B. Exceptions. The restrictions outlined in subparagraph 080104.A are not applicable to checks payable to foreign governments, nor to checks issued in payment of salaries or wages, or for goods or services purchased by the Government of the United States.

C. Claims for the Proceeds of Withheld Payments. Claims for the proceeds of checks which were drawn and subsequently forwarded to the Treasury for deposit in deposit fund account Proceeds of Withheld Foreign Checks, 20X6048, pursuant to previously existing procedures should be submitted with a recommendation on such payment to: Department of the Treasury, Financial Management Service, Finance Division, Liberty Center, Room 257, Washington, DC 20227. If a valid claim is received and no check has been previously prepared due to the restrictions outlined in subparagraph 080104.A above, the DoD Component that withheld the payment will arrange for the issuance of a check and will decrease the respective liability on its books.



080105. Delivery of Checks by Designated Third Parties. Delivering multiple checks personally may be impractical for the DO or it may not be expedient to mail them to addresses of record. Under such circumstances and with the guidance for delivery of checks noted in paragraph 080102 above, the DO may deliver or mail checks to a designated third party for distribution. A third party is any individual authorized to distribute a quantity or bulk shipment of checks to payees. A person who maintains pay accounts or prepares checks is not authorized to distribute checks.

A. Appointment of Designated Third Parties. The DO shall make written appointment of those individuals (by title and organization only) who will serve as a designated third party for delivery of bulk checks using SF 1195, Recommendation for Designation and Revocation of Agents to Receive and Deliver Checks and Savings Bonds. A record of each individual so authorized shall be maintained. One or more alternates should be appointed to prevent distribution delays in the absence of the principal designee. Alternates may also assist in the check distribution when conditions warrant.

B. Transport of Checks to Designated Third Parties. Bulk shipments of prepared checks shall be packaged separately from correspondence and shall be mailed by registered mail. Bulk shipments of checks for a unit or group of units should be dispatched to a third party for distribution or delivery to payees or for reshipment to another third party for delivery where the military unit is located. Such shipments shall include only the checks, transmittal letter, and documentation needed for the specific payment. These shipments are not subject to the provisions of the Government Losses in Shipment Act.

C. Release of Checks to Other than Payee. Designated third parties shall not release checks to anyone other than the payee. See subparagraph 080105.E below if payee is absent at the time of delivery.

D. Judge Advocate or Investigative Agent Third Parties. In cases where advance payments are issued for witnesses subpoenaed for trial, delivery of the check shall be performed by either a representative from a DoD Compo-

nent investigative agency or a judge advocate charged with serving the subpoena.

E. Third Party Disposition of Undelivered Checks. Unless otherwise provided, checks for payees not present at the time a third party attempts delivery shall be returned to the DO before the close of business that day. Payees who were absent, or who for other reasons did not get their checks, should be advised to call at the disbursing office or other stated place to pick up their checks. If locked fireproof file cabinets or safes are available, the DO may authorize the designated third party to hold undelivered checks for a specified, short period. When payees are on extended periods of leave or absences, checks shall be returned to the DO for disposition. Checks which are found to be in error shall be returned to the DO. After appropriate corrective action has been taken, a new check will be issued to the payee.

#### \*0802 DISPOSITION OF SPOILED, CONTROL, AND VOIDED CHECKS

##### 080201. Spoiled Checks

A. General. A check may be classified as spoiled and replaced with a control check when: it represented a valid payment; it is in the possession of the DO; it is uncashable due to a misprint or mutilation during the issue process; or it is returned by the payee as uncashable due to mutilation or a defect in the check itself; and it is less than one year old. The DO must receive a large enough portion of a mutilated check to positively identify the check number, issuing DSSN, date, and amount. If a sufficient portion of a check is not provided for the DO to make positive identification, an SF 1184 shall be processed and (at such time as the DO decides) a recertified voucher and check issued. All spoiled checks shall be rendered non-negotiable by typing or stamping on the face of the check the words: "SPOILED - NOT NEGOTIABLE; REPLACEMENT ISSUED UNDER CONTROL NUMBER \_\_\_\_."

\* B. Disposition. DOs shall maintain DD Form 2661, Spoiled/Control Check Record as prescribed in paragraph 080202.C below. The DD Form 2661 shall be retained as a permanent part to the DOs retained records; i.e. 6 years, 3 months from the check issue date, after which

time it may be destroyed. At least once each quarter, spoiled checks shall be destroyed locally by the DO by shredding or incineration. If destroyed by shredding, fragments shall be no larger than 1/4 inch in width and 3 1/2 inches in length. If destroyed by burning, the checks shall be completely burned. A certificate of destruction shall be prepared in an original and one copy and shall include the: complete mailing address of the disbursing station; date and method of destruction; DSSN; serial number of each check; typed name, title, grade or rank, and signature of at least one witness; and, typed name, title, grade or rank, and signature of the DO. When blocks of checks are destroyed, the beginning and ending serial numbers of the block may be shown. Otherwise, each check shall be listed in numerical sequence. An example of a Certificate of Destruction is provided as figure 8-1.

#### 080202. Control Checks

A. General. Control checks are used to replace prenumbered check stock that is spoiled for any reason, before or after release by the disbursing office. Control checks do not have a preprinted serial number in the upper right hand corner. Instead, control checks are preprinted with a number, called a "control number," which is positioned at the bottom edge of the check. A control check misprinted or mutilated during the issue process may also be spoiled and replaced by another control check as described in this paragraph. A control check shall not be issued if the: original check was issued under a different DSSN than that used by the DO (refer payee (claimant) to issuing disbursing office); original check is more than one year old; original check was issued to a different payee; original check was issued in a different amount; original check is not available or positively identifiable; or, when it appears that a payee (or other person) has altered or attempted to alter the check.

B. Preparation. Disbursing offices shall inscribe the original check serial number on the control check and have in place internal controls or review processes to verify that the check serial number is inscribed correctly.

C. DD Form 2661, Spoiled/Control Check Record. DOs shall maintain DD Form

2661 for all control checks issued. This record may be maintained in a mechanized or manual format. At a minimum, this record must show the original check number and the control check number. Additional information such as the payee and amount are optional based on the availability of this information in other disbursing office records. An example of a manually prepared DD Form 2661 is provided as figure 8-2.

D. Certification of Payroll Officer. If the payee of a civilian payroll check requests that a control check be issued in a name different from the name as stated on the original check, a signed statement authorizing the change in name shall be obtained from the payroll officer who certified the original payroll prior to issuance of the control check. The statement shall be retained by the DO and attached to the retained copy of the payroll.

#### 080203. Voided Checks

A. General. A voided check is a check that is misprinted or mutilated during the issue process and for which no control check is to be issued. Unused blank checks that are to be destroyed shall be reported as voids. Lost or stolen blank checks shall be reported as voids. Checks voided by the DO shall be rendered non-negotiable by typing or stamping the words "VOID - NOT NEGOTIABLE. NO CHECK ISSUED UNDER THIS NUMBER" on the face of the check. Once a check has been reported to the Treasury under check-issue reporting procedures, it cannot be voided under any circumstances. The check shall be processed as a spoiled check, an available check cancellation, or an unavailable check cancellation as appropriate to the circumstances in each case.

B. Reporting Voided Check Issues. Voided checks shall be reported as a check issue having a zero (0) dollar value. When hard copy check-issue reports are forwarded to another disbursing office for conversion to magnetic tape, the DO forwarding the reports shall stamp or mark the listing of checks issued to indicate that the check is voided and the dollar amount is zero. Do not obliterate the serial number of the voided check from the check listing. DOs submitting check-issue reports on diskettes to another disbursing officer for conversion to magnetic

tape shall ensure that the serial number and date of the voided checks are included on the diskette. If a voided check has not been dated, a date shall be reported for the check to facilitate check-issue reporting. DOs submitting check issue reports by magnetic tape shall ensure that the serial number and date of the voided check are included on the tape.

★ C. Disposition of Voided Checks.

Voided checks shall be stored in the vault or safe segregated from all other checks until destroyed. The voided checks shall be destroyed locally by the DO at least once each quarter by either burning or shredding. If destroyed by burning, the checks shall be completely burned. If destroyed by shredding, fragments shall be no larger than 1/4 inch in width and 3 1/2 inches in length. In either event, a certificate of destruction similar to figure 8-1 shall be prepared listing the serial numbers and method of destruction and shall be signed by the DO and at least one witness. DOs shall destroy all voided checks using the procedures in the following subparagraphs.

1. Prepare a Certificate of Destruction. The certificate shall be prepared in an original and one copy and shall include the: complete mailing address of the disbursing station; date and method of destruction; DSSN; serial number of each check; typed name, title, grade or rank, and signature of the witness(es); and, typed name, title, grade or rank, and signature of the DO. When blocks of checks are destroyed, the beginning and ending serial numbers of the block may be shown. Otherwise, each check shall be listed in numerical sequence.

2. Verification. The DO and at least one witness shall: examine the checks to verify they are the actual checks to be destroyed; verify the check numbers and DSSN with information on the certificate of destruction; and, sign the certificate of destruction only after witnessing the actual destruction of the checks.

3. Distribution of the Certificate of Destruction. The original certificate shall be included and forwarded with the monthly disbursing financial reports. A copy shall be maintained in the DO's retained financial records.

★0803. CHECK CANCELLATION. A cancellation is accomplished in one of the ways described below.

★080301. Available Check Cancellation. The DO holds the check and processes an SF 1098. The SF 1098 credits the proceeds to the appropriation originally charged when the check was issued. See section 0804.

★080302. Unavailable Check Cancellation. The DO requests cancellation by submission to Treasury of an SF 1184 or magnetic tape. Depending on the status of the check (outstanding or paid), the cancellation credit may or may not be provided by the U.S. Treasury. See section 0805.

★080303. Limited Payability Check Cancellation. The Treasury automatically cancels checks issued on or after October 1, 1989, which have not been negotiated to a financial institution within 12 months of the date of issue. This cancellation occurs in the 14th month after the date of the check. See section 0806.

★080304. Pre-effective Date Limited Payability Cancellation. The Treasury automatically canceled all checks issued before October 1, 1989, which were not negotiated by October 1, 1990.

★0804 CANCELLATION OF AVAILABLE CHECKS

★080401. General. As provided in the Competitive Equality Banking Act of 1987, Public Law 100-86 (reference (ah)) and Treasury Financial Manual, Bulletin 90-03 (reference (ai)), the time limit for negotiation of Treasury checks is one year from the date of issue. DOs may cancel checks within this one year period when the check is drawn under the DO's own DSSN, under the account of a predecessor DO of the same activity and DSSN, or under an account being settled by the DO. Checks may be canceled when: the disbursing account is closed or current; or, the proceeds of the check are for repayment to an appropriation or fund account which is current or expired. Treasury checks in the possession of the DO shall be canceled when it is determined that the payee or estate is no longer entitled to the proceeds of the check or the check is undeliverable for 60 days after the

month of issue. UNDER NO CIRCUMSTANCES SHALL A DO CANCEL A CHECK USING THE PROCEDURES IN THIS SECTION IF THE CHECK IS OVER ONE YEAR OLD.

★080402. Exceptions

★ A. Checks drawn for cash or for advances to cashiers that are later found not to be required shall not be processed for cancellation in the DO's accounts. Instead, they shall be endorsed by the DO or cashier (as applicable) and deposited as prescribed in chapter 05 of this Volume.

★ B. An original check which is returned to or recovered by the DO after it is more than one year old (from date of issue) or has been canceled by submission of an SF 1184 shall not be canceled on an SF 1098, Schedule of Canceled or Undelivered Checks. However, the check shall be marked "VOID - NOT NEGOTIABLE" on the front and held in the DO's safe or vault until the Daily Advice of Status (DAS) is received from the Treasury and then the marked check shall be destroyed locally by burning or shredding. No report of destruction is made to the Treasury. The date of destruction and supporting documentation shall be noted in DD Form 2662, Recertified Check Register.

★080403. Undeliverable Treasury Checks. All undeliverable checks shall be kept in a safe or vault. The checks shall be filed in an order best suited for ready identification when claimed or for mailing when a proper address is ascertained. The DO shall maintain a record of undeliverable checks using DD Form 2658, Returned and Undeliverable Check/Bond Record which indicates: date the check is returned; check number; check date; amount; payee; voucher number; disposition; and, date of disposition. An example of DD Form 2658 is provided as figure 8-3. The DO shall provide a copy of DD Form 2658 to rollkeepers, agents, cashiers, and the appropriate entitlement office for their use. Undelivered checks shall not be removed from the safe or vault, or held by the DO's deputies, agents, or cashiers except for immediate delivery to payees, or for cancellation and deposit.

★ A. Time Limit for Holding Undeliverable Checks. The DO shall attempt to make

delivery of checks to the proper payees. If delivery is not effected within 60 days after the month of issue, undeliverable checks being held by the DO shall be disposed of as provided in the subparagraphs below. Checks payable to deceased payees should be held no longer than 5 days.

★ 1. Undelivered checks held by the issuing DSSN shall be collected to the credit of the issuing appropriation or to a suspense account and deposited as prescribed in paragraph 080405 below.

★ 2. Undelivered checks held by other than the issuing DO shall be returned to the issuing DO by registered mail within two weeks, together with a reason for non-delivery. If the address of the issuing DSSN is unknown, contact the servicing DFAS Center.

★ 3. An undeliverable check returned to the DO after the 45th day of the time limit prescribed above shall be recorded on the DD Form 2658, Returned and Undeliverable Check/Bond Record. Research shall be conducted to determine if the check has been canceled using the SF 1184, Unavailable Check Cancellation, and whether a replacement check has been issued. If an SF 1184 has been submitted to Treasury, dispose of the original check as prescribed in paragraph 080513.D. If an SF 1184 has not been submitted to Treasury, cancel the original check as prescribed above within 15 days of the date of receipt.

★ B. Undeliverable Due to Death of Payee

1. Deceased Military Members. Checks drawn to deceased military members shall be canceled by the issuing DSSN. The check shall be promptly canceled and credited to the individual's pay account pending payment to a properly designated beneficiary.

2. Deceased Civilian Employee Checks. For special instructions on the handling of checks drawn to deceased civilian employees; see Volume 8 of this Regulation.

★ 3. Other Payees. Checks drawn to other deceased individuals shall be taken up and deposited as undeliverable checks. An SF

1055, Claim Against the United States for Amounts Due in the Case of a Deceased Creditor shall be obtained and processed as prescribed in Volumes 8 and 10 of this Regulation. The accounting data chargeable and references required on the voucher shall be as prescribed in paragraph 080406.

★ C. Checks Undelivered at Time of Relief. When a DO is relieved by another DO or the DSSN is deactivated and disbursing for that activity is assumed by another activity or ship as a result of consolidation, transfer of function, or other reason, the relieving DO or gaining activity shall assume custody of the undelivered checks for processing as provided in this section. However, when a DO is transferred from disbursing duty without a relief or the disbursing function is not assumed by another activity, the undelivered checks shall be taken up as a collection on an SF 1098 and deposited whether or not the 60-day holding period has elapsed. The DD Form 2658 shall be turned over to the office designated to settle the accounts of the DO.

★ D. Special Actions on Canceled Checks Held by the Disbursing Office

1. Military Payrolls. When a check in payment of military pay and allowances is canceled, the DO shall take the action prescribed in Volume 7 of this Regulation for the appropriate adjustment to the Master Military Pay Account to be made.

2. Civilian Payrolls. When a check in payment of a civilian payroll is canceled, the DO shall notify the payroll preparing office in order for the appropriate payroll adjustment to be made.

★080404. SF 1098, Schedule of Canceled or Undelivered Checks

A. General. A check that is undelivered within 60 days after the month of issue shall be credited to the appropriation originally charged by use of an SF 1098 prepared in triplicate. The following data shall be shown for each check in the spaces provided in the body of the form: month and year of issue; check serial number (and DSSN if other than DSSN shown in heading of the form); name of payee; amount of check; and, accounting data credited. The origi-

nal and one copy of each SF 1098 shall be submitted with the financial reports and one copy shall be retained. See figure 8-4.

★ B. Lack of Accounting Data. If the proper appropriation to be credited cannot be determined immediately, collect the amount of the check into the budget clearing account (suspense) \*\*F3875. The SF 1098 should include all information available as to the identity and location of the payee of the check. If after one year the appropriation is still not determinable, process an SF 1081 to transfer the funds to Treasury's miscellaneous receipt account \*\*R1060.

★080405. Disposition of Canceled Available Checks

★ A. General. Canceled check transactions authorized by this section shall be processed in a manner similar to that for collections. Upon receipt of a check to be canceled, prepare an SF 1098 as the collection voucher with credit to the appropriation charged when the payment was made. Note: All lines of accounting data charged and credited on the original disbursement voucher shall be shown on the SF 1098. Assign a collection voucher number to the SF 1098 and print this number and the date of collection on the reverse of the canceled check. The canceled checks shall be deposited for credit to the DSSN used by the DO making the cancellation. No payee endorsement on the reverse of the check is necessary; only the DO's endorsement stamp is required.

B. Stamped Legend Placed on Checks for Cancellation. The following legend shall be typed or stamped on the face of each canceled check: "NOT NEGOTIABLE - FOR PAYMENT AND CREDIT IN THE U.S. TREASURY. D.O. SYMBOL \_\_\_\_." The letters of the legend shall be of prominent size to remove all possibility of negotiation. The stamp shall be placed so that the defacement will not interfere with data to be captured by an optical character recognition (OCR) scanner.

★ C. Deposit Ticket. Canceled checks shall be deposited on an SF 215 separate from any other negotiable instruments. DOs shall make canceled check deposits as prescribed below.

★ D. Frequency of Deposits. Checks received for cancellation need not be deposited on a daily basis. The canceled checks may be held in the DO's safe or vault for preparation of a consolidated SF 215. Deposits shall be forwarded to the FRB or branch not later than the 25th of the month in which received. Checks received for cancellation during the remainder of the month shall be processed as collections, but may be retained for depositing in the following month. All CONUS DOs shall deposit all canceled Treasury checks with the nearest FRB or branch. DOs located in Alaska, Hawaii, and in foreign countries will deposit with the general depository normally used for making deposits for credit to Treasury's General Account. Refer to chapter 05 of this Volume for deposit reconciliation requirements.

★080406. Claims for the Proceeds of Canceled Available Checks. When a claim is received for the proceeds of a canceled available check and it is determined that all or a portion of the amount is due the claimant, payment shall be made on a payroll or other voucher prepared and processed in the same manner as a current payment. Claims shall be paid by the disbursing office which made the collection and deposit of the original undeliverable check. This is not to say an undeliverable military pay check cannot be canceled by the issuing DO so that the member may be paid at a new duty station. The disbursement shall be made on an SF 1034 and charged to the accounting data credited on the SF 1098. Reference shall be made to the original undeliverable check by serial number, amount, DSSN, and the month, year, and account in which the undeliverable check was collected. In cases where the undeliverable check was collected to \*\*R1060, the DO should process an SF 1081 to adjust out the funds that were collected into the receipt account in error. A record of the claim and disposition shall be entered on the DD Form 2658.

★0805 UNAVAILABLE CHECK CANCELLATIONS

★080501. General. Unavailable Treasury checks that are reported to the DO as lost, stolen, mutilated, or not received by the payee shall be canceled using the procedures described in this section if the check is less than 12 months old. The procedures in this section also apply to

situations where the payee is not entitled to the proceeds of a check which is unavailable to the DO. These situations include: death of the payee before the check issue date; non-receipt of a recertified payment check by the payee when the original check has been received and cashed; receipt of a cash payment and a check payment for the same entitlement; and, loss of the check after the payroll is prepared and the payee is a military member already transferred. Payees have 1 year from the date of issue of the check to file a claim of non-receipt with the issuing disbursing office for submission to Treasury. The issuing disbursing office must submit an SF 1184, Unavailable Check Cancellation to Treasury within 13 months of the date of issue. Treasury has 18 months from the date a check is paid to reclaim monies from the financial institution if a claim of forgery or unauthorized endorsement is filed by the payee. Checks, which are unavailable to the payee and/or the DO and for which entitlement to the payment exists, may be replaced by a new check called a recertified payment check. A recertified payment check bears a new check serial number and is vouchered and recorded as a new disbursement using the procedures in this section. Original and recertified payment checks shall be controlled, cross-referenced, and tracked indefinitely or until both have been paid, recovered and destroyed, or canceled.

★080502. Claims of Non-receipt, Destruction, Loss, or Theft. A claim of non-receipt, destruction, loss, or theft of a Treasury check issued on or after October 1, 1989, will be denied by the Treasury unless it is presented by the payee to the issuing disbursing office within 1 year from the date of issuance. The claim will be documented by the disbursing office on an SF 1184. The SF 1184 must be processed through the servicing DFAS Center and received at Treasury within 13 months from the date of issue of the check. If a cancellation credit is denied, a Daily Advise of Status will be provided with one of the status codes listed in table 8-4. The DO will advise the payee of the check status. If the check has been negotiated and the payee wishes to continue the claim process, the payee must initiate the FMS Form 1133, Claim Against the United States for the Proceeds of a Government Check, and the FMS Form 3858, Claims Document, upon receipt from Treasury. The DO shall forward these two forms, the photocopy of



the check and any other supporting documentation for the claim to the Treasury for processing.

If the payee files a claim of forgery or unauthorized endorsement (FMS Form 1133) against the check, no recertified payment check will be issued prior to receipt of an FMS Form 3859, Claims Disposition Notice from the Treasury. See paragraph 080515 below.

★080503. DD Form 2662, Recertified Check Register. To provide the necessary cross-reference and control over unavailable check cancellations, DD Form 2662 shall be maintained. As shown in figure 8-5, DD Form 2662 shall contain information to identify the original check serial number, date, amount, payee, and status of the check as provided by Treasury, as well as identifying information regarding the recertified payment check, payee claims, and collection information.

★080504. SF 1184, Unavailable Check Cancellation. The SF 1184 is required for all cancellations covered by this section. Each individual unavailable check to be canceled shall be reported on an SF 1184 to the servicing DFAS Center either manually or via mechanized input. The DFAS Centers will consolidate the input for submission to the Treasury. Bulk losses of original checks will require the preparation of an SF 1184 for each check. Unavailable check cancellation credits or chargebacks resulting from Treasury receipt and processing of an SF 1184 or the negotiation of a canceled unavailable check will be forwarded by Treasury to the DFAS Centers at Cleveland, Denver, and Indianapolis. The DFAS Cleveland, Denver, and Indianapolis Centers will forward check credit or chargeback information (including the detail information) applicable to the DFAS Columbus Center disbursing accounts to the DFAS Columbus Center. The DFAS Cleveland Center also will forward the cancellation credit or chargeback information (including the detail information) applicable to the DFAS Kansas City Center and Marine Corps disbursing offices to the DFAS Kansas City Center.

★080505. DD Form 2660, Statement of Claimant Requesting Recertified Check. When a payee reports the loss, theft, mutilation, or non receipt of a Treasury check, the DO shall obtain a statement, in writing, from the payee. The statement is mandatory to substantiate the payee's entitle-

ment to a recertified payment. The DD Form 2660 is the preferred form of the required statement, however, DOs may accept a signed letter from the payee in lieu of the DD Form 2660. An example of the DD Form 2660 is shown as figure 8-6. If the payee negotiates both checks, the statement could be used to establish fraudulent intent. Upon receipt of the signed statement, the DO shall complete the information required to identify the check (issue date, check number, amount, voucher number, etc.), prepare an SF 1184 to cancel the unavailable check, and forward a copy of the statement and a copy of the SF 1184 to the appropriate entitlement area for certification of entitlement and preparation of the appropriate payment voucher.

★080506. Authorization to Issue Recertified Checks

★ A. General. By 31 CFR Parts 245 and 248 (reference (z)), the Treasury has delegated to the DoD the authority to issue recertified checks to replace checks originally issued by DoD DOs. That authority includes replacement of checks lost, stolen, or destroyed both in transit and after receipt by applicable payees. The Treasury has authorized the DoD to issue a recertified payment at the same time the SF 1184 is prepared if, based on the facts available, the payee should receive immediate replacement and the risk of loss from overpayment to the payee is low. Subject to the restrictions in the following paragraphs, recertified checks may be issued as replacements for original checks at any time commencing with the submission of the SF 1184. The circumstances associated with each unavailable check shall govern when the recertified check is actually issued.

★ B. Limitations. No recertified check will be issued if: the original check was not issued by the same DSSN requested to issue the recertified check; the payee of the original check is not entitled to the proceeds of the check; the payee died before the original check-issue date; sufficient mail time (at least 3-mail delivery days after the date the original check was mailed (see paragraph ?)) has not lapsed for delivery or return of the original check; the payee has an outstanding obligation against which the payment can be offset; or, the original check is more than 12 months old. Situations that require the exercise of good judgment in deter-

mining when to issue recertified checks are high value unavailable checks, payees involved in adverse actions that could result in early discharge or termination, and non-permanent employees who have no vested retirement benefits or no sustained work history at the issuing activity. The ability of the payee to make restitution in cases of a double negotiation and the possibility of offsetting a double negotiation against money, other than salary, due the payee shall be considered in the determination. **Note:** Except for deactivated and closed disbursing offices, only the disbursing office that issued the original check is authorized to issue a recertified check to replace an original check reported as lost, stolen, mutilated, or not received. For deactivated disbursing offices, the designated settlement office is authorized to issue recertified checks under the settlement office DSSN. For closed disbursing offices, only the servicing DFAS Center is authorized to issue recertified checks under the Center's DSSN. Except as prescribed in paragraph 080512.A, recertified checks may only be issued as a disbursement from the appropriation (or if no longer available, a current appropriation available for the same general purpose subject to limitations on its use) charged when the original check was issued.

★ **C. Issue Before Receipt of Treasury Status.** Because of the effect such delays have on military and civilian employees' personal financial affairs, DoD relations with private business and other intangible benefits obtained, recertified checks may be issued immediately for some payees. Therefore, DOs are authorized to use stop code "A" on the SF 1184 when recertified checks are to be issued immediately to replace undelivered, lost, stolen, mutilated, or destroyed original checks issued under their DSSN for the payees listed below, if less than 31 days have elapsed since the check issue date.

1. Military and civilian personnel for payment of pay and allowances.

★ 2. Banks, credit unions and other financial institutions unless it is determined to be in the best interest of the DoD to obtain Treasury status before issuing a recertified check.

3. Agencies of the U.S. Government.

4. Foreign governments. (Where doubt exists as to the status of a foreign payee, treat payment as a foreign business and issue a recertified check after receipt of status from Treasury as prescribed below.)

★ 5. Any payment made under protest as described in chapter 01 of this Volume.

★ 6. Any composite/consolidated check regardless of amount.

**D. Issue After Receipt of Treasury Status.** The payees described below are not eligible for immediate payment replacement by recertified check and shall have their unavailable check cancellations submitted under stop codes "D" or "G" and receive a recertified check only when the Treasury reports the check status as "outstanding".

1. Foreign businesses and contractors where check payment is made to addresses or financial institutions outside the United States.

2. Payees who have previously negotiated both the original check and the recertified check issued to replace it.

3. Payees who have received more than three recertified check payments in the past 6 months or who have received more than four recertified check payments in a 12-month period.

4. Payees who report non receipt of a recertified check.

★ 5. Payees requesting recertification of an original check more than 30 days old.

6. Payees other than a deputy, agent, or cashier requesting replacement of an exchange for cash check.

★ **E. Issue When the Treasury Status Is Paid.** Except as provided in paragraph 080515 below, no recertified payment check shall be



issued when the DAS from Treasury indicates the check status is paid.

★080507. Mechanized Input of the SF 1184. Air Force DOs with access to the Comptroller Network (commonly referred to as the JUMPS Data Collection Network) have the capability to mechanically prepare and transmit the SF 1184 daily using the on-line DFAS-DE centralized Unavailable Check Cancellation (UCC) system. The UCC system was developed to replace individual submissions of SFs 1184. Procedures for accessing the DFAS-DE reporting system to add, change, inquire, or delete an SF 1184 request are found in a DFAS-DE/PGB letter dated December 15, 1990.

★080508. Manual Preparation of the SF 1184

A. General. These procedures apply only to DOs who do not have the capability to electronically produce and transmit SFs 1184. The SF 1184 is a dual purpose document. If more than one check is to be cancelled; each check shall be processed on a separate SF 1184. In addition, the SF 1184 is used as a transmittal document for the item cancellations submitted. Instructions for preparation of the transmittal document are slightly different from the individual check reporting document. However, instructions for preparing both documents are contained in this paragraph. Transmittals shall be submitted each day for item cancellations prepared that day. IF NO CANCELLATIONS ARE PREPARED, A TRANSMITTAL IS NOT REQUIRED. A transmittal cannot include more than 50 item cancellations.

B. Completion of SF 1184 (Item Cancellation). The SF 1184 shall be prepared by typewriter using uppercase letters for all alphabetic characters. **DO NOT** submit forms prepared by pen or pencil. The data fields and their contents are described below. See figure 8-7.

1. CK. SYM. Enter the four-digit DSSN of the disbursing office that issued the original check. Required four-digit numeric field.

2. CK. SERIAL. Enter the check number of the original check that is being canceled and on which "STOP PAYMENT" action is being requested of the Treasury. Required eight-

digit field. The field is an all numeric field zero-filled from the left. No commas shall be typed to separate the check number digits.

3. CK. AMOUNT. Enter the total amount of the original check. This required field is limited to 10 digits, all numeric. Do not use dollar signs. Use of commas is optional provided the 10-digit requirement is not exceeded. Show the decimal point separating dollars and cents.

4. CK. ISSUE DATE. Enter the date of the original check. This is a required numeric field containing six digits: month (two digits), day (two digits), and year (two digits).

5. AGY/PAYEE ID NO. Enter the identification number assigned to the payee. This is a required alpha-numeric field, maximum of 11 digits. Start from the left and leave unused spaces blank. Activities that do not normally assign specific ID numbers may use vendor contract numbers, DSSN, Social Security numbers, or other reference numbers. For Navy and Marine Corps disbursing offices, the 11-digit field is assigned as follows: positions 1-4, DSSN of the preparing disbursing office; positions 5-7, julian date of preparation; position 8, the unit position of the calendar year of preparation; and, positions 9-11, a 3-digit sequential serial number commencing with 001 on October 01 of each year and continuing through 999 before recycling the sequential numbers. Do not use 000 as a sequential number.

6. LINE CODE. A required numeric digit indicating the total number of lines used for the payee's name and address fields. For Navy and Marine Corps disbursing offices: use "0" for direct deposit checks; use "1" for non-entitlement; and in all other cases, use digits "3" through "6" (as appropriate for the number of lines used in the name and address fields). If the name and address is only two lines, pad the third line with blanks so "3" will be the correct line code.

7. STOP CD. Enter the alpha character code for the appropriate stop reason code based on the definitions listed in table 8-1. The stop code describes the nature of the action required on the original check. The only codes authorized for use are "A," "D," "E," "F," "G," "K,"

"L", "M", "R", "U", and, for Navy and Marine Corps disbursing offices only, "P".

8. AGENCY CODE. The agency code is a single alpha character. The following codes shall be used by the respective DoD Components. Defense agencies other than the Army, Navy, and Air Force shall use the appropriate agency code based on which Military Service provided the DSSN.

<u>CODE</u>	<u>COMPONENT</u>
A	Department of the Army
F	Department of the Air Force
L	U.S. Marine Corps
N	Department of the Navy

9. PAYEE NAME. Enter the payee's name as it appeared on the original check. This is a required alpha-numeric field limited to 2 lines with a maximum of 30 digits each. The second line is intended to accommodate listing both names when there is a joint payee. If the payee's name is more than 30 characters, use both lines. If there has been a name change, type the NEW name in this field and show the OLD name as it appeared on the original check in the FOR AGENCY USE block.

10. ADDRESS. The address in this alphanumeric field shall be the current address of the payee because the Treasury uses this address to prepare claims document address labels. The address is required for STOP REASON CODES "D" and "G". For Navy and Marine Corps disbursing offices, when STOP REASON CODE "F" is used, the disbursing office address will be entered in this field. Each line of the address field is limited to 30 characters.

11. NAME OF DECEDENT. This field is required ONLY when the STOP REASON CODE is "E." The field length is 30 characters. Type the deceased payee's name: last name; first name; middle initial(s). DO NOT use punctuation marks. If the name of the decedent is not provided with a "deceased" STOP REASON CODE "E", the SF 1184 will be rejected by the Treasury.

12. DATE OF DEATH. This field is required when the DoD Component has rendered the payee or payee's estate not entitled to the proceeds of the check, therefore, the date of death is required for only STOP REASON CODES "E" or "U."

13. AMT. TO BE RECLAIMED. The "amount to be reclaimed" is a required field for all STOP REASON CODES. This is a required 10-digit field containing the check amount. In some rare cases, the amount to which the payee is no longer entitled (that is the amount to be reclaimed) will be less than the full amount of the original check. In cases where the payment status is "paid", the amount to be reclaimed will be used by Treasury when seeking to recover from the banking system. A lesser amount could occur in the case of non-entitlement, where the payee was entitled to a lesser amount than the original check. In that case, the amount to be reclaimed would be the difference between the amount of the original check and the amount to which the payee is entitled. The field is limited to 10 digits. Do not use dollar signs. Use of commas is optional provided the 10 digit maximum is not exceeded. Always show the decimal point separating dollars and cents.

14. AGY. LOC. CODE. The Agency Location Code is a four- or eight-digit numeric symbol used by Treasury to identify accounting reports and documents prepared by or for accounting stations and financial offices. The following four- or eight-digit numeric codes shall be entered in this block by the respective DoD Components. Defense agencies other than the Army, Navy, and Air Force shall use the appropriate agency location code based on which Military Service provided the DSSN.

1700XXXX Navy and Marine Corps disbursing offices. Note: The XXXX represents the disbursing office DSSN. Insert the assigned DSSN in lieu of "XXXX".

2100XXXX Army disbursing offices. Note: The XXXX represents the disbursing office DSSN. Insert the assigned DSSN in lieu of "XXXX". Corps of

Engineers that disburse from civilian funds shall enter the DSSN only.

5700XXXX Air Force disbursing offices. Note: The XXXX represents the DSSN. Insert the assigned DSSN in lieu of "XXXX".

15. AGENCY OUTPUT. This code is a required single numeric digit indicating the type of output (hard copy or magnetic tape) to be generated by the agency. Table 8-2 is a list of the output codes and the description of each. Army disbursing offices enter "2" if SF 1184 submission is by paper; enter "4" if SF 1184 submission is by magnetic tape. All Air Force disbursing offices enter "4" in this field. All Navy and Marine Corps disbursing offices enter "3" in this field.

16. AGENCY REFERENCE. THIS FIELD IS OPTIONAL. DOs may use this 35-character field as necessary to enter information that will assist in identifying this particular SF 1184, identify actions, or explain the reason for the SF 1184.

17. FOR D.O. USE. Enter the DSSN on the D.O. Activity line. The DO or deputy shall sign on the signature line provided.

18. FOR AGENCY USE. Enter the DoD Component name (i.e., Army or Air Force) on the Agency line. Navy and Marine Corps disbursing offices enter the name of the preparing disbursing office on the Agency line. The DO or deputy shall sign the signature line on every SF 1184 submitted.

C. Completion of Transmittal Document. A transmittal SF 1184 shall be prepared daily for each batch of 50, or fewer, items submitted on any date. A separate SF 1184 shall be used as the transmittal document. Under no circumstances shall a batch contain more than 50 items. The required data fields for the transmittal SF 1184 and their contents are described below. Use of fields other than those listed will result in rejection of the entire batch by the Treasury. This form shall be prepared by typewriter. See figure 8-8.

1. ADDRESS. This field accommodates 120 characters. Enter the DO's name and complete disbursing office address.

2. FOR D.O. USE. Type the DSSN of the preparing disbursing office in the space directly above D.O. Activity. The DO or deputy shall sign the SF 1184 transmittal document in the space provided.

3. AGY. LOC. CODE. The following numeric codes shall be used by the respective DoD Components. Defense agencies other than the Army, Navy, and Air Force shall use the appropriate agency location code based on which Military Service provided the DSSN.

1700 Navy and Marine Corps

2100 Army

5700 Air Force

4. AGENCY OUTPUT. This code is a required single numeric digit indicating the type of output (hard copy or magnetic tape) to be generated by the agency. Table 8-2 is a list of the output codes and the description of each. Army disbursing offices enter "2" if SF 1184 submission is by paper; enter "4" if SF 1184 submission is by magnetic tape. All Air Force disbursing offices enter "4" in this field. All Navy and Marine Corps disbursing offices enter "3" in this field.

5. FOR AGENCY USE. When the SF 1184 is used as a transmittal document enter in this field the total number of SFs 1184 attached and the batch number of the batch being transmitted. The batch number consists of 13 digits. The batch number shall be composed of the submitting DO's DSSN (four digits); the date (MMDDYY) (six digits), and a three-digit sequential number beginning with 001 each day. The batch sequential number shall also be recorded DD Form 2662. The SF 1184 Total indicates to Treasury and the DFAS Centers the total number of individual cancellation documents being submitted with a transmittal document. Use one numeric digit for batches containing one to nine items. Use two numeric digits for batches containing 10 to 50 items. Enter the DoD Component name (i.e., Army, Air Force, Navy, or Marine Corps) on the Agency line. The DO

or deputy shall sign the signature line for each transmittal submitted.

★080509. Submission of Unavailable Check Cancellation. All cancellations shall be submitted on the day they are prepared along with a transmittal covering the item cancellations in every batch. Even though only one item cancellation is being submitted, it shall be covered by a transmittal. The DFAS Centers addresses are:

★ Defense Finance and Accounting Service  
Cleveland Center  
DFAS-CL/AABA  
1240 E. Ninth Street  
Cleveland, OH 44199-2056

Defense Finance and Accounting Service  
Columbus Center  
DFAS-CO/FP  
Columbus, OH 43218-2317

Defense Finance and Accounting Service  
Denver Center  
DFAS-DE/AAC  
6760 E. Irvington Place  
Denver, CO 80279-8000

Defense Finance and Accounting Service  
Indianapolis Center  
DFAS-IN/JFP (Mail Stop 101)  
8899 East 56th Street  
Indianapolis, IN 46249-0833

Defense Finance and Accounting Service  
Kansas City Center  
DFAS-KC/AE  
Kansas City, MO 64197-0001

The agency receipt copy of the batch transmittal will be returned by the servicing DFAS Center to advise the DO that the entire batch has been accepted and processed. If the agency receipt copy has not been returned within 20 days after submission, the DO should contact the appropriate DFAS Center listed above and request assistance. The distribution of the manually prepared SF 1184 is shown in table 8-3.

★080510. Daily Advice of Status. With the exception of the transmittal documents, the Treasury will return a Daily Advice of Status (DAS) on every SF 1184 received. An essential

control technique is for DOs to keep a complete file of SFs 1184 submitted. Periodic review of the file will show, either by copy of the DAS or by copy of the agency receipt copy of batch transmittals, that the Treasury has received and processed all submissions. Incomplete file items should be followed-up within 30 days through the servicing DFAS Center by telephone and if necessary, by processing a second SF 1184. The status codes used by the Treasury on the DAS are listed in table 8-4. When the Treasury has issued a DAS with a status of "Outstanding check canceled, agency credited," future requests to cancel or obtain photocopies of the canceled check will receive a response status code "11" indicating the canceled check has been paid. However, until the original check is presented through the banking system, no photocopy will be available. Therefore, once a disbursing office has received a DAS with a status code of outstanding, no additional SFs 1184 can be submitted for that check number. If the original check is ever presented through the banking system for payment, the servicing DFAS Center will notify the DO that the credit to Unavailable Check Cancellations and Overpayments, Suspense, \*\*F3880, has been reversed by Treasury and the Treasury will, at that time, provide a photocopy of the original check, a claims document, and a claim form (FMS Forms 3858 and 1133).

★080511. Recertification Follow-up Procedures. After submitting the second SF 1184 for a check, DOs shall use the FMS Form 3864, Agency Recertification Follow-up to maintain contact with Treasury regarding previously submitted SFs 1184 if a hard-copy DAS from the Treasury is not received within 30 days. The DO shall complete parts A and B as prescribed below. Treasury will complete part C and return the form to the disbursing office. See table 8-5 for details on when to submit FMS Form 3864 to Treasury.

A. FMS Form 3864, Part A. The DO shall complete this portion from retained records (original SF 1184 submitted, the DAS, and/or claims document). If status code is known, provide it in the proper block. The information entered on this form shall be typed.

B. FMS Form 3864, Part B. The DO shall complete this portion indicating the reason for submitting the FMS Form 3864. See table 8-5

for more details regarding the reasons for follow-up and required follow-up time frames.

C. FMS Form 3864, Part C. The Treasury will place a check mark in the appropriate block in reply to the DO's follow-up request, and will enter a further explanation in part C-9, OTHER, when warranted. Part C-8 will be checked only when the Treasury cannot furnish an immediate response to a follow-up request. A further response should be provided by Treasury within 30 calendar days.

★080512. Accounting for Recertified Checks

★ A. General. All credits for canceled unavailable checks and charges resulting from negotiation of a previously canceled unavailable check are provided by the Treasury through budget clearing account Unavailable Check Cancellations and Overpayments (Suspense), \*\*F3880. The \*\*F3880 account is restricted to unavailable check transactions and shall not be used for any other purpose. The \*\*F3880 account is available to hold credit or chargeback amounts only until the appropriation or fund that was charged when the original check was issued can be identified. All amounts in the \*\*F3880 account must be transferred to the proper appropriation of fund as expeditiously as possible. Note: As indicated in chapter 07 of this Volume, exchange-for-cash checks are generally issued as advances to deputies, agents, or cashiers, or as an accommodation service for the benefit of a payee. These exchange-for-cash transactions are not charged to an appropriation on fund. If a deputy, agent, or cashier loses such a check, the loss will be treated as a physical loss of funds as prescribed in chapter 06 of this Volume. If Treasury determines the check to be outstanding, the unavailable check credit shall be used to offset the loss of funds. If the unavailable check should later be negotiated and Treasury reverses the credit, the physical loss of funds shall be reestablished. If a payee who received an exchange-for-cash check as an accommodation service loses such a check, the unavailable check credit shall be used to reimburse the payee for the loss. However, since there was no entitlement chargeable to an appropriation, reimbursement shall not be made until the period of negotiability (1 year from the date of issue) of the original check has lapsed.

★ 1. Credits Resulting from Submission of SFs 1184. If an unavailable check is outstanding (not negotiated), the Treasury will provide a DAS indicating the check is outstanding and that the agency will be credited with the proceeds. The Treasury will cancel the check and credit the funds derived from the cancellation to the \*\*F3880 account. The DFAS Centers at Cleveland, Denver and Indianapolis will receive the cancellation credits monthly from the Treasury on an SF 1081, Voucher and Schedule of Withdrawals and Credits, along with a magnetic tape listing of checks canceled. Identifying information for the checks being canceled will be included on the magnetic tape. Where available, the proceeds of these canceled checks will be forwarded to the DFAS Centers through the Government On-line Accounting Link System/On-line Payment and Collection (GOALS/OPAC). Any identifying information provided in the original check issue data submission will be reflected as detail in the credit transmission. The detail also will be provided on microfiche monthly. The DFAS Cleveland, Denver, and Indianapolis Centers will forward check credit information (including the detail information) applicable to the DFAS Columbus Center disbursing accounts to the DFAS Columbus Center. The DFAS Cleveland Center also will forward the cancellation credit information (including the detail information) applicable to the DFAS Kansas City Center and Marine Corps disbursing offices to the DFAS Kansas City Center.

★ 2. Reversals of Cancellation Credits. If a canceled unavailable check is negotiated to a financial institution after cancellation by Treasury, the Treasury will reverse the cancellation credit and provide a DAS indicating the check has been negotiated and the credit reversed. The Treasury will provide a copy of the paid check, and FMS Forms 1133 and 3858. The reversal transactions will be separate from the monthly cancellation credits described above. The DFAS Centers at Cleveland, Denver and Indianapolis will receive the cancellation credit reversals from the Treasury on an SF 1081, Voucher and Schedule of Withdrawals and Credits, along with a magnetic tape listing of checks for which credit was reversed. Identifying information for the checks will be included on the magnetic tape. The DFAS Cleveland, Denver, and Indianapolis Centers will forward

the credit reversal information (including the detail information) applicable to the DFAS Columbus Center disbursing accounts to the DFAS Columbus Center. The DFAS Cleveland Center also will forward the credit reversal information (including the detail information) applicable to the DFAS Kansas City Center and Marine Corps disbursing offices to the DFAS Kansas City Center.

★ B. DFAS Center. Treasury regulations require the proceeds from canceled checks to be returned to the appropriation from which the check was issued originally and to treat the canceled check as an account payable. Within 15 days of receipt, the DFAS Center should provide the check cancellation and credit detail information to both the disbursing office that issued the check and the accounting office that services the disbursing office. Treasury reversal of previous cancellation credits also should be provided to the applicable disbursing and accounting offices.

★ C. Accounting Office. When canceled check credits are received, the accounting office should promptly transfer the individual check credits from \*\*F3880 to the appropriation charged when the check was issued and establish an account payable. If an unavailable check is replaced by a recertified check prior to receipt of credit from the Treasury, the accounting office should establish an account receivable in the appropriation or fund charged for the check issue and remove the receivable when the credit is received. Reversal of a previous credit also should be promptly transferred from \*\*F3880 to the appropriation charged when the check was issued.

★ D. Disbursing Office. Upon receipt of the DAS indicating cancellation credit or reversal information from the servicing DFAS Center, the disbursing officer is responsible for initiating research on the check issue data submitted to the Treasury to ensure that the detailed information provided is accurate. That is, the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal must agree with the original check issue data reported to Treasury when the check was issued. Any discrepancy in this data must be researched to determine the cause of the discrepancy and appropriate action taken to correct the discrepancy. The disbursing office also should notify the

appropriate entitlement or subject matter area (i.e., military pay, civilian pay, travel pay, or commercial accounts payable) that the Treasury has returned credit to the activity because the check was not negotiated or reversed a previous credit because the check was negotiated and provide a copy of the DAS.

★ E. Entitlement Area. When notified that an unavailable check has been canceled and credit provided, the appropriate entitlement or subject matter area should determine whether the liability for payment of the underlying obligation is valid and prepare the appropriate vouchers for payment if the payee was not issued an immediate recertified payment when the SF 1184 was submitted.

★ F. Recertified Payments. Any recertified payment (including immediate replacements under stop code "A") must be vouchered and charged to the appropriation or fund charged when the original check was issued. Recertified payments may be issued at the same time that the disbursing office submits the SF 1184 or at any subsequent point in the claims cycle; that is--

★ 1. Before the status of the original check is known, when less than 31 days have elapsed from the date of the original check. See paragraph 080506.C.

★ 2. After the disbursing office has been advised by the DAS that the original is outstanding and credit will be provided.

★ 3. After credit has been received from the Treasury through the DFAS Center.

Making a recertified payment under items 1 and 2 above will require an account receivable to be established in the appropriation or fund for the amount due on cancellation of the original check. A copy of the SF 1184 and/or DAS may be used to support the account receivable.

#### ★080513. Preparation and Disposition of Recertified Checks

A. General. Recertified checks shall be prepared and distributed in the same manner as regular checks previously described in chapter 07 of this Volume. If a payee claims non-receipt, loss, or destruction of a recertified check, the



unavailable check cancellation procedures in this section also apply to the recertified check.

★ B. Undeliverable Recertified Checks.

An undeliverable recertified check shall be processed in the same manner as any other undeliverable check immediately after it is found to be undeliverable. The 60-day time limit for holding undelivered checks is not applicable to undeliverable recertified checks. The check shall be canceled on an SF 1098 with credit to the appropriation charged when it was issued in accordance with paragraph 080512. The check shall then be deposited with the nearest FRB or branch on an SF 215 as prescribed in section 0804 of this chapter.

★ C. Returned and Recovered Recertified Checks.

When a recertified check is returned by the payee after the original check which it replaced has been found and negotiated by the payee, the recertified check shall be canceled on an SF 1098 and credited to the appropriation charged when it was issued. The check shall then be deposited with the nearest FRB or branch on an SF 215 as prescribed in section 0804 of this chapter. The charge-back to the \*\*F3880 account from Treasury for the negotiated original check must be transferred to the appropriation charged when the original check was issued.

★ D. Returned and Recovered Original Checks.

An original check which is returned to or recovered by the DO after it is more than one year old (from date of issue) or has been canceled by submission of an SF 1184 shall not be canceled on an SF 1098, Schedule of Canceled or Undelivered Checks. However, the check shall be marked "VOID - NOT NEGOTIABLE" on the front and held in the DO's safe or vault until the Daily Advice of Status (DAS) is received from the Treasury and then the marked check shall be destroyed locally by burning or shredding. No report of destruction is made to the Treasury. The date of destruction and supporting documentation shall be noted in DD Form 2662, Recertified Check Register.

★080514. Forgery

★ A. General. A payee may have a valid claim against the Check Forgery Insurance Fund (CFIF) to enforce the Government's obligation on account of the check when the Treasury

has determined the original check to have been paid. When the check status is "Paid", the Treasury will provide a photocopy of the original check, an FMS Form 1133, Claim Against the United States for the Proceeds of a Government Check, and an FMS 3858, Claims Document. If a photocopy of the check is not available within 60 days, Treasury will provide a modified FMS Form 1133. If Treasury does not provide the modified FMS Form 1133, the DO should request one by using FMS Form 3864. If the payee of the original check is deceased, not entitled to the proceeds of the check, or the check was endorsed before it was lost or stolen, the Treasury will take no action on the claim if the photocopy of the paid check is not available within 60 days. The FMS Forms 1133 and 3858 are combined in a four-page form set. The FMS Form 1133 is for the payee's declarations and information concerning the unavailable check. The FMS Form 3858 is the claim reference document that contains the necessary information for Treasury Check Claims Operations to identify the check. A copy of the FMS Form 3858 must be attached to any correspondence with the Treasury concerning the unavailable check.

★ B. Check Forgery Insurance Fund (CFIF).

Only the Treasury's Division of Check Claims is authorized to adjudicate claims of forgery against Treasury checks. As explained in section 0806 below, a claim against the CFIF is governed by the 1 year statute of limitations provided in the Competitive Equality Banking Act of 1987 (CEBA), since a claim against the CFIF constitutes a claim on account of a Treasury check. Therefore, a claim of forgery must be presented within 1 year from the date the check was issued. If the claim is not presented within the 1 year statutory period (from the date the check was issued), the claim on the check is barred and the payee is not entitled to payment out of the CFIF. **NOTE:** The running of the statutory 1 year limit on the claim against the CFIF has no effect on the underlying obligation of the Government for the payment. If the Treasury determines a check endorsement was forged and the payee's claim meets the statutory requirements, the Treasury will institute reclamation procedures to recover the proceeds of the forged check from the banking system. CEBA also set a statutory time limit of 18 months from the date a check is negotiated for accomplishment of bank reclamation. As stated in Comp-

troller General Decision B-242666 dated August 31, 1993, reference (aj), if the statutory requirements for the claim have been met and the proceeds of the check cannot be recovered from the banking system through bank reclamation procedures, the Treasury is responsible for issuance of the settlement check with the payment charged to the CFIF.

★080515. Forgery Claims

★ A. General. As stated in the previous paragraph, a payee may have a valid claim against the CFIF when the unavailable original check has been determined by Treasury to have been paid. The DO shall deliver the FMS Form 1133 portion of the form set to the payee for completion and return to the disbursing office if the SF 1184 was submitted with stop codes of A, D, F, or G. If the payee claims the endorsement signature is a forgery, the FMS Form 1133 must be completed by the payee and returned to the DO for submission to Treasury. The DO shall inform the payee that only the Treasury is authorized to adjudicate claims of forgery against Treasury checks. If a recertified payment check has not yet been issued, no recertified payment check will be issued prior to receipt of an FMS Form 3859, Claims Disposition Notice from the Treasury. If the Treasury determines the check was not forged, the claim will be considered closed and normally the payee will not be authorized to receive a recertified payment. Also, if the Treasury determines the original check was not forged and the original check has been replaced by a recertified payment check, the payee shall be liable for the value of the recertified check and must make immediate payment. **NOTE: CHECKS LOST BY THE PAYEE AFTER THEY WERE ENDORSED BY THE PAYEE ARE NOT FORGERIES.**

★ B. FMS Form 3859, Claims Disposition Notice. A payee is only entitled to a recertified check in settlement of a claim of forgery based on an FMS Form 3859 issued by Treasury. The FMS Form 3859 is used to advise the payee and the DO of the results of Treasury's investigation of the claim of forgery. The conditions by which the DO is authorized to issue a recertified check to the payee are described below.

★ 1. The Treasury has determined that the endorsement on the original check was

forged and is in the process of collecting the proceeds through the banking system (bank reclamation), refund pending. In this instance, should the bank reclamation process fail, the settlement to the payee should properly be chargeable to the CFIF. Therefore, the recertified payment check should not be issued until the Treasury further advises that the proceeds have been recovered from the banking system and the credit provided to \*\*F3880.

★ 2. The Treasury has determined that payee is entitled to the proceeds of the check (the endorsement on the original check was forged but the time period for bank reclamation has expired), settlement authorized. This situation generally does not occur unless the payee failed to file the claim against the original check within the statutory 1 year period from the date the check was issued. As explained in paragraph 080514 above, the running of this 1 year statutory period does not effect the underlying obligation to make payment. In this instance, if the underlying obligation is otherwise determined to be valid (payee entitled to the payment), the recertified check may be issued with the payment charged to the appropriation or fund charged when the original check was issued. If the original appropriation or fund is no longer available, the recertified payment should be charged to a current appropriation available for the same general purpose subject to limitations on its use.

★080516. Collections of Double Negotiations

A. General. Negotiation of an original check which has been replaced by a recertified check is considered to be an illegal, incorrect, or improper payment for purposes of pecuniary liability. DOs are responsible for collection from payees to recover illegal, incorrect, or improper payments made by the DOs and/or deputies and agents. In the event that the payee separates from Government service, the DO shall continue to be responsible for assuring collection action. Normally, collections for illegal, incorrect, or improper payments are one-time cash refunds or lump-sum collection by pay account checkage or salary offset and do not warrant installment liquidation. A decision to permit repayment in installments is reserved for extreme personal hardship and is left to the discretion of the DO.



★ B. Procedures

★ 1. Collection Action. When the DO is notified that the Treasury has reversed a previous credit to \*\*F3880 from the cancellation of the original check, the DO shall and immediately begin collection action. Due process rights of collection specified in Part II of this Volume shall be afforded the payee in each case. Normally, the most effective measure of effecting expeditious recovery will be to present the payee a photocopy of the paid original check and a copy of the signed statement of claimant containing the clause acknowledging that the payee was not entitled to both the original and the recertified check, and to enforce the agreement contained therein. Due process rights of collection include the opportunity for the payee to contest the validity of the debt. In cases of double negotiation, this opportunity is provided by the payee's right to complete the FMS Form 1133. If upon presentation of the copy of the negotiated check the payee asserts that the check was negotiated over a forged endorsement, collection should not begin until the Treasury's Division of Check Claims adjudicates the payee's claim of forgery. However, if the payee does not provide the properly completed FMS Form 1133 within the time frame allowed for presentation of documentation as to why the debt is not owed, the payee will be deemed to have acknowledged the debt and collection will begin immediately. If the payee provides the properly completed FMS Form 1133 and the Treasury determines the check was forged, the payee would not owe the debt. If the Treasury denies the payee's claim of forgery (i.e., the Treasury determines the check was not forged), the full amount of the check is due and payable immediately. Collection action shall be completed within 90 days of the receipt of the DAS from Treasury indicating the canceled unavailable original check has been paid or within 90 days of receipt of the FMS Form 3859 from Treasury indicating the payee's claim of forgery is denied, as applicable to the circumstances of each individual case as described above. The DO shall document all attempts to collect illegal, incorrect, or improper payments. If all reasonable steps have been taken to make collection and the illegal, incorrect, or improper payment becomes locally uncollectible within the 90-day time limit, the DO shall transfer the debt to the servicing DFAS Center designated to pursue collection of locally uncollectible debts.

2. Determination of Fraud.

Double negotiations could indicate misrepresentation or fraudulent intent. If the DO suspects that the negotiation of the original check is the result of fraudulent activity, the procedures outlined in chapter 06 of this Volume for reporting the event, and for possible investigative and disciplinary action shall be followed. Collection action shall be taken as specified in Part II of this Volume.

★080517. Relief of Liability for Uncollectible Illegal, Incorrect, or Improper Payments. The DO may request relief of liability for illegal, incorrect, or improper payments following the procedures in chapter 06 of this Volume. As stated in 65 Comp. Gen. 812 (reference (ak)), the policy of the Comptroller General is to deny relief in cases where the DO does not make all reasonable attempts to collect from the payee and delays more than 3 months before referring the debt to the appropriate activity for further collection. In the case of DoD Components, the appropriate activity to refer debts is the servicing DFAS Center.

★080518. Separation of Duties. The payment recertification process is subject to the same management controls as other more routine disbursements. The same individual shall not authorize, process, and review recertified check transactions. Except as provided below, the minimum acceptable separation of duties shall consist of preparation of the SF 1184 by one individual; review and approval of the DD Form 2660 and SF 1184 by a deputy or the DO; preparation of a disbursement voucher by one individual in the appropriate entitlement area; review and approval of the voucher and supporting documentation by a first line supervisor other than the deputy or DO authorizing the transaction; and authorization of the disbursement by the DO or a deputy. At locations where the entitlement and disbursing offices are combined into one unit (as is the case at small activities and most tactical units), whenever possible neither the person preparing the SFs 1184 and disbursement vouchers nor the person reviewing the transaction and supporting documents shall prepare the check.

★0806 TREASURY CHECKS CANCELED UNDER LIMITED PAYABILITY.

★080601. Background. The Competitive Equality Banking Act of 1987, Public Law 100-86 (reference (ah)) (CEBA) amended 31 U.S.C. § 3328 (reference (o)), and created a new section 3334 to establish time limits on the payability (negotiability) of Treasury checks. CEBA affects the time period permitted for negotiation of Treasury checks, initiating and processing claims on those checks, recovering monies from financial institutions, and replacement of Treasury checks. However, CEBA has no effect on the underlying obligation of the United States for which a Treasury check was issued. Electronic Fund Transfer (EFT) payments and limited depository checking account payments are also not affected by CEBA.

★ A. Pre-CEBA. Prior to the effective date of CEBA (October 1, 1989), 31 U.S.C. § 3328(a) provided that a Treasury check could be paid (negotiated) at any time and 31 U.S.C. § 3328(c) provided that the limitation on claims against the Government in 31 U.S.C. § 3702 (Barring Act) did not apply to an unpaid (not negotiated) Treasury check. These principles may be shown with the following hypothetical examples.

★ 1. An individual makes a claim for payment of \$1000 in December 1978 with an agency and receives a Treasury check in payment in January 1979. The individual does not negotiate the check until 1986. In this example, the underlying obligation is the amount due in satisfaction of the claim. The individual tolled the Barring Act by submitting the claim for payment in December 1978. Upon the issuance of a Treasury check, the individual also has a separate claim on the Treasury check, which was, in 1979, payable in perpetuity. 31 U.S.C. § 3328(a) (1982). Thus, prior to CEBA, the individual's right to obtain a replacement check on account of the original unnegotiated Treasury check masked the effect of the Barring Act (31 U.S.C. § 3702 (b)) on the underlying obligation.

★ 2. The effect of the Barring Act on the underlying obligation may be shown by modifying this example slightly. In addition to the earlier facts, assume further that the individual discovered that he had failed to claim all that was due in December 1978 and that the agency in fact owed him another \$250. He may obtain payment of the additional amount of the underlying obligation only if he submits a new claim

for the additional amount to the agency within the 6-year period following the accrual of the original claim, December 1978. If, however, in 1986 the individual, in addition to negotiating the check, submitted a claim for the additional \$250, the claim for the additional amount would have been barred since more than six years had elapsed from the accrual of the original claim.

★ B. CEBA. The Competitive Equality Banking Act (CEBA) established a one-year limitation on the negotiability of a Treasury check. However, the negotiability of a check does not affect the obligation underlying the check. Effective October 1, 1989, CEBA left the two causes of action separate, that is, one on the underlying obligation and one on the Treasury check. However, CEBA imposed a statutory limitation on the period during which a Treasury check may be paid and on any claim on account of a Treasury check. CEBA requires that Treasury checks must be negotiated within one year of the date of issuance and states that any claim on account of a Treasury check is barred unless the agency which issued the check receives a claim within one year of the issuance date. Following this one-year period, a request for payment based on the Treasury check is forever barred. However, since a claim on the underlying obligation is separate from a claim on the check, payment may still be made on the underlying obligation subject to the six-year statute of limitations in the Barring Act (31 U.S.C. § 3702(b)). Accordingly, after the six-year period following the accrual of the claim, a check may be issued only if the claimant has tolled the Barring Act by making a timely claim on the underlying obligation. To make CEBA applicable in the above example, change the years of the hypothetical case. If the individual submitted the claim in December 1989, and the date of issuance of the check was January 1, 1990, a claim on the check expired one year after the issuance date, December 31, 1990. Thus, the individual had to perfect his claim on the Treasury check before the one year period expired in order to obtain a replacement check. This, however, does not affect a claim on the underlying obligation. In this example, because a claim for payment, that is, the claim submitted in December 1989, was timely submitted, the running of the period of limitations in the Barring Act was tolled, and a replacement check may be issued, even if more than 6 years pass. Con-

versely, if a timely claim on the underlying obligation had not been received, the claim on the underlying obligation is barred and an agency may not issue a replacement check. Therefore, if a claimant has submitted a valid claim to toll the statute of limitations on the underlying obligation, he may obtain a payment check even if more than 6 years has passed since the claim accrued or the check was issued. However, that is not to say that tolling of the Barring Act on the underlying obligation permits payment in perpetuity. Entitlement to payment is not unlimited; any appropriate defense remains available to the government. For example, where following cancellation of a Treasury check under CEBA, a claimant waits an inordinate period of time to request payment on the underlying obligation, laches may apply. Furthermore, Treasury records show only that a check has not been presented to the Treasury for payment, and not whether it was presented to and paid by an intermediary bank.

★080602. Treasury Check Payability. All Treasury checks issued prior to October 1, 1989, have been canceled. All Treasury checks issued on or after October 1, 1989, bear the legend "Void After One Year." The Treasury will decline payment of all checks which are not negotiated to a financial institution within 1 year from the check issue date. Financial institutions will advise the payee to contact the agency which issued the check because the check is no longer negotiable. Any physical checks returned to the disbursing office because they are no longer payable (negotiable) shall be stamped "VOID - NOT NEGOTIABLE" and shredded once the disbursing office has confirmed receipt of the Limited Payability cancellation credit. Treasury checks issued prior to October 1, 1989, have already been mass canceled and may be shredded without confirmation of receipt of a Limited Payability cancellation credit.

★080603. Treasury Check Claimability. Any claim on account of a Treasury check is barred unless it is presented to the agency that issued the check within 1 year after the date of issuance. Since CEBA established a 1-year statute of limitations for claims against a Treasury check, DOs are not authorized to process any claim for replacement of a check which is over 12 months old (from date of issue). Therefore, under the provisions of CEBA, DOs must reject all claims

against Treasury checks as time barred (i.e., claims for replacement of Treasury checks) which are not received prior to the expiration of the 12-month period of negotiability (from the date of issue) of the check. The DOs should notify the claimant that a claim of non-payment of the underlying obligation of the Government must be filed with the appropriate entitlement office (contracting officer for vendors or commercial payees, military pay office, civilian pay office, travel office, etc.).

★080604. Limited Payability Check Cancellation Process. During the 14th month after issuance, Treasury will identify and cancel all checks that have not been negotiated within 12 months from the date of issue. Where the check issue data is submitted after the limited payability period, the cancellation of checks that are outstanding will occur at the end of the month in which the check issue data is submitted. The Treasury credits the funds derived from the cancellation of checks dated on or after October 1, 1989, to Unavailable Check Cancellations and Overpayments (Suspense), \*\*F3880. The DFAS Centers at Cleveland, Denver, and Indianapolis will receive the limited payability cancellation credits monthly from the Treasury on an SF 1081, Voucher and Schedule of Withdrawals and Credits, along with a magnetic tape listing of checks canceled. Identifying information for the checks being canceled will be included on the magnetic tape. Where available, the proceeds of these canceled checks will be forwarded to the DFAS Centers through the Government On-line Accounting Link System/On-line Payment and Collection (GOALS/OPAC). Any identifying information provided in the original check issue data submission will be reflected as detail in the credit transmission. The detail also will be provided on microfiche monthly. The DFAS Cleveland, Denver, and Indianapolis Centers will forward check credit information (including the detail information) applicable to the DFAS Columbus Center disbursing accounts to the DFAS Columbus Center. The DFAS Cleveland Center also will forward the cancellation credit information (including the detail information) applicable to the DFAS Kansas City Center and Marine Corps disbursing offices to the DFAS Kansas City Center. Note: All checks issued before October 1, 1989, that were not negotiated by October 1, 1990, were also canceled by Treasury (referred to as "mass cancellation"). However, the proceeds

of these canceled checks were not returned to the check issuing agency but were applied to the Treasury's uncollectible accounts receivable.

★080605. Reversals of Limited Payability Cancellations. In some cases, checks will be negotiated to financial institutions within 1 year from the date of issue, but processing in the Federal Reserve System or in the Treasury's Reconciliation Branch will prevent the payment from being applied to the Check Payment and Reconciliation (CP&R) system before the limited payability cancellation has occurred. In these instances it will be necessary for the Treasury to reverse the cancellation credit and provide a copy of the paid check. Reversal transactions will be separate from the monthly cancellation credits described above.

★080606. Accounting for Limited Payability Cancellation Credits or Reversals

★ A. DFAS Center. Treasury regulations require the proceeds from canceled checks to be returned to the appropriation from which the check was issued originally and to treat the canceled check as an account payable. Within 15 days of receipt, the DFAS Center should provide the check cancellation and credit detail information to both the disbursing office that issued the check and the accounting office that services the disbursing office. Treasury reversal of previous cancellation credits also should be provided to the applicable disbursing and accounting offices.

★ B. Accounting Office. The accounting office should promptly transfer the individual check credits from \*\*F3880 to the appropriation charged when the check was issued and establish an account payable. Reversal of a previous credit should also be promptly transferred from \*\*F3880 to the appropriation charged when the check was issued and the account payable removed.

★ C. Disbursing Office. Upon receipt of the detailed limited payability cancellation credit or reversal information from the servicing DFAS Center, the disbursing officer is responsible for initiating research on the check issue data submitted to the Treasury to ensure that the detailed information provided is accurate. That is, the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit

or reversal must agree with the original check issue data reported to Treasury when the check was issued. Any discrepancy in this data must be researched to determine the cause of the discrepancy and appropriate action taken to correct the discrepancy. In addition, the disbursing officer shall ensure that disbursing records are researched to determine if a claim of loss, theft, non-receipt, etc., has been filed on the limited payability canceled check. This includes a determination of whether the check was previously replaced by a control check, recertified check, or other type of replacement check. The disbursing office also should notify the appropriate entitlement or subject matter area (i.e., military pay, civilian pay, travel pay, or commercial accounts payable) that the Treasury has returned credit to the activity because the check was not negotiated within the prescribed period. Upon the request of an entitlement area, DOs should accomplish the verifications described at paragraphs 080608.A, 080608.D through 080608.A, 080608.D below and advise the entitlement area whether the original Treasury check was canceled or negotiated, or whether is previously was replaced.

★080607. Claims of Non-payment of the Underlying Obligation. Comptroller General decision B-244431.5, dated August 23, 1995 (reference (al)), stated that whether a check may be replaced following the limited payability cancellation of a Treasury check depends on whether a timely claim on the underlying obligation has been submitted to toll the applicable statute of limitation, 31 U.S.C. § 3702 (b) (1988) (Barring Act). As explained in the following subparagraphs, where documentary evidence of a timely claim on the underlying obligation exists, or other appropriate evidence that a timely claim was received, an agency may issue a new check. As required by paragraph 080603, when a Treasury check claim or replacement request is received by a DO more than 1 year after the check issuance, the DO should notify the claimant that a claim on account of the Treasury check is barred, and that any claims on underlying obligations should be filed by the payee with the appropriate entitlement area or agency with jurisdiction over the underlying obligation. In all cases, entitlement to payment on these claims must be determined by the appropriate entitlement area. For approved claims, the source of funding for the recertified

payment must be the appropriation charged when the original check was issued, or if no longer available, a current appropriation available for the same general purpose subject to limitations on its use. For checks issued on or after October 1, 1989, which were canceled under limited payability, proceeds were provided as described in the previous paragraph and should have been transferred to the original appropriation charged when the check was issued and an account payable established. For checks issued before October 1, 1989, which were mass canceled and for which the proceeds were not returned to the issuing agency, the source of funding for approved claims should be the appropriation charged when the original payment was made. If no longer available, charge a current appropriation available for the same general purpose as the original appropriation subject to limitations on its use. After determination of a payee's entitlement to a recertified payment, the entitlement area should prepare and certify the payment voucher and forward the voucher and supporting documentation to the disbursing officer for payment.

★ A. Claim of Individual Payees

★ 1. Military Pay. Claims of non-payment of members of the Armed Forces (to include active duty, reserve, retired, and annuitant) must be submitted to the appropriate military payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note that Treasury checks issued in payment of obligations relating to military pay and allowance entitlements ordinarily are not issued in response to claims. Therefore, the payee usually will not have tolled the Barring Act by asserting a claim prior to issuance of the original check. It may, however, be necessary for the entitlement area to consider the extent to which the Barring Act was tolled during periods of active duty performed by the claimant. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608 below for payment procedures.

★ 2. Civilian Pay. Claims of non-payment for wages earned by civilian employees of the Federal Government must be submitted to

the appropriate civilian payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note that Treasury checks issued in payment of obligations relating to civilian pay entitlements ordinarily are not issued in response to claims. Therefore, the payee usually will not have tolled the Barring Act by asserting a claim prior to issuance of the original check. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608 below for payment procedures.

★ 3. Travel Pay. Claims of non-payment for travel entitlement by members of the Armed Forces or civilian employees must be submitted to the appropriate travel office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Note that Treasury checks issued in payment of obligations relating to travel pay entitlements ordinarily are issued in response to claims asserted by claimant submission of travel vouchers. Unlike military and civilian pay cases, the Barring Act's statute of limitations in travel payment cases usually will have been tolled before issuance of the original check when the claimant submitted the travel voucher. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608 below for payment procedures.

★ 4. Residual Claim Categories. Treasury checks also are issued to individuals in satisfaction of miscellaneous Government obligations. For example, legal claims under the Federal Tort Claims Act, 28 U.S.C. §§ 1346(b), 2671-2680, should be asserted by claimant-payees before the entitlement area within the military department with tort claim settlement authority over the claim. Similarly, claims of properly losses incurred incident to Government service may be cognizable under the Military Personnel and Civilian Employees' Claims Act, 31 U.S.C. § 3721, and should be asserted by claimants before entitlement areas with claim settlement authority, such as military judge advocate general departments. Note that Treasury checks issued in payment of these types of obligations are

issued in response to claims asserted by the claimants. Unlike military and civilian pay cases, the Barring Act's statute of limitations in these cases usually will have been tolled before issuance of the original check when the claimant submitted the claim. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608 below for payment procedures.

★ B. Claims of Commercial Payees. As used herein, the term "commercial payees" includes vendors, contractors, and any individual under contract for miscellaneous services. Claims of non-payment from commercial payees or their authorized agents must be submitted by the claimant to the contracting officer. If the contracting officer determines that the commercial payee remains entitled to payment of the contractual obligation, and if a payment voucher is prepared and forwarded with supporting documentation to the disbursing office, the DO must then determine if a replacement check should be issued based on the criteria in paragraph 080608 below.

★080608. Claim Processing Procedures. Upon receipt of an approved claim and certified payment voucher from the appropriate entitlement area, along with appropriate supporting documentation, the DO shall take the actions prescribed below.

★ A. Verify that the original check was canceled under limited payability.

★ B. Verify that credit for the check was received from Treasury and transferred by the accounting office to the original appropriation charged when the check was issued. If receipt of the credit cannot be verified or no information is available locally, the DO shall prepare and submit to the servicing DFAS Center an SF 1184 for each check using Stop Reason Code "K" (photocopy), "L" (certified photocopy), or "M" (status) and citing "Limited Payability Cancellation Replacement Request" in the "For Agency Use" block. This action is also required to ensure that the check was canceled under mass cancellation before making any recertified payment for an obligation represented by a check dated before October 1, 1989. Stop

reason codes, status codes, and message responses are provided in tables 8-1 and 8-4.

★ C. Verify that the original check was not spoiled or voided and replaced by a control check or a check bearing a different check number.

★ D. Verify that the original check has not previously been replaced by a recertified check, substitute check, or replacement check (i.e., was not previously the subject of a claim of non-receipt, loss, theft, etc.).

★ E. Issue a replacement check upon receipt of an approved claim and certified payment voucher from the entitlement area, provided that the verifications under subparagraphs 080608.C, 080608.D and 080608.C, 080608.D confirm that the original check previously has not been replaced. If the above verifications disclose that the original check previously has been replaced, the DO shall reproduce a copy of the payment voucher on which the replacement was issued and obtain a photocopy of the replacement from Treasury as prescribed in section 0805. The copy of the voucher and replacement check shall be provided to the entitlement area for use in providing notification to the claimant that the claim was previously settled. In order to provide the necessary cross-reference and control over issuance of replacement checks, DOs shall maintain a DD Form 2662, Recertified Check Register as prescribed in paragraph 080503 of this chapter.

**Note:** Except for deactivated and closed disbursing offices, only the disbursing office that issued the original check is authorized to issue a recertified payment for an underlying obligation represented by a check canceled under Limited Payability. For deactivated disbursing offices, the designated settlement office is authorized to make these recertified payments under its own DSSN. For closed disbursing offices, only the servicing DFAS Center is authorized to make these recertified payments under its own DSSN. Under no circumstances is any DO authorized to issue a recertified payment for these claims citing a direct charge to the \*\*F3880 account. Recertified payments for the underlying obligations represented by a check canceled under Limited Payability may only be made from the original appropriation



or if no longer available, from a current appropriation available for the same general purpose as the original appropriation, subject to limitations on its use.

#### ★0807 HOLDERS-IN-DUE-COURSE

★080701. General. A holder-in-due-course is a person, financial institution, or business other than the original payee who, in good faith, takes possession of a check through endorsement. A holder-in-due-course may be the second, third, fourth, or later holder to whom the check has been transferred by endorsement. A holder-in-due-course has no direct claim against the issuer (issuing DSSN) of a Treasury check. However, all DOs shall assist the holder-in-due-course in filing claims as provided in this section.

★080702. Exceptions. A check sent to a financial institution for credit to the account of a member, employee, or vendor and made payable to the financial institution does not create a holder-in-due-course relationship. When these checks are lost, stolen, or destroyed, the recertified check procedures in section 0805 of this chapter apply.

★080703. Lost-in-Transit Items. When the holder-in-due-course is a financial institution (commercial bank, credit union, savings and loan, etc.), the DO should advise them to submit their claim through the nearest FRB as a lost-in-transit item. However, the DO may accept claims from financial institutions if the holder cannot submit the claim through the FRB.

★080704. Processing Claims. Any DO, not just the DO of the DSSN which issued the check, can process a holder-in-due-course claim if all the data needed to complete the SF 1184 is supplied. If all the data is not provided the accepting DO shall submit the holder's claim supported by a signed statement from the payee and/or holder to the disbursing office that issued the check. The issuing disbursing office shall then complete the SF 1184 and forward the completed package to the Treasury. The disbursing office processing a valid holder-in-due-course claim **SHALL NOT** issue a recertified check to the holder.

#### ★080705. Preparation and Distribution of the SF 1184 for Holder-in-Due-Course

A. Preparation. Holder-in-due-course SFs 1184 cannot be submitted via mechanized systems. Using a typewriter, complete the following blocks on the SF 1184 and make no other entries.

1. CK. SYM. Enter the DSSN of the disbursing office that issued the check. (Processing DSSN may be different).

2. CK. SERIAL. Enter the serial number of the lost, stolen, or destroyed check.

3. CK. AMOUNT. Enter the exact amount of lost, stolen, or destroyed check.

4. CK. DATE. Enter the date of lost, stolen, or destroyed check.

#### 5. FOR DO USE

a. Enter an "X" in the "Request Processed" block.

b. Enter the name and DSSN of the preparing DO's activity, post, station, or unit on "DO Activity" line.

c. The DO, deputy, or other authorized person shall sign the "Signature" line.

#### 6. FOR AGENCY USE

a. Type the words "Holder-In-Due-Course".

★ b. Type the word "Payee:" and the name and SSN of the payee of the lost, stolen, or destroyed check.

c. Type the word "Claimant:" and the name and address of the holder making the claim for the check.

7. AGENCY LINE. Type "U.S. Army", "U.S. Navy", "U.S. Air Force", or "U.S. Marine Corps", as appropriate. Defense agencies other than the Army, Navy, and Air Force shall enter the appropriate agency name based on which Military Service provided the DSSN.

8. SIGNATURE LINE. The DO or a deputy shall sign the SF 1184.

LEAVE ALL OTHER FIELDS OF THE SF 1184 BLANK.

B. Distribution. Attach the statements of the payee and the holder to the SF 1184 original copy. Mail the original SF 1184 and statements to: Department of the Treasury, Financial Management Service, Exception Processing Unit, Operations Division Check Claims, P.O. Box 1849, Hyattsville, MD 20788. File the "Disbursing Office Copy" in the processing DO's retained records. If the processing DSSN is not the DSSN issuing the original check, mail the "Agency Receipt Copy" to the issuing DSSN. Otherwise, destroy the "Agency Receipt Copy" and the "Administrative Agency Copy". See figure 8-9 for a properly completed SF 1184 (Holder-In-Due-Course).

★080706. Payment of Claims. The Treasury will determine the payment status of the original check, advise the holder of the status and the action to be taken, and forward copies of paid checks to the holder. The processing DO shall not issue a recertified check for any holder-in-due-course claim received and processed through the Treasury. In addition, when an "Agency Receipt Copy" is received by the disbursing office that issued the check, action shall be taken to ensure that the check issue records for the original check identified on the SF 1184 are flagged or blocked by a clear and unmistakable signal to prevent future cancellation and replacement of the original lost or stolen check.



STOP CODE	MEANING	CONDITIONS FOR USE
A	RECERTIFIED CHECK	<ol style="list-style-type: none"> <li>1. Payee entitled to original check.</li> <li>2. Payee claims nonreceipt, loss, theft, or mutilation.</li> <li>3. Check was not endorsed by payee when lost or stolen.</li> <li>4. DoD is making a second payment by RECERTIFIED CHECK.</li> <li>5. Payment was not a direct deposit/electronic funds transfer check.</li> </ol>
D	ENTITLEMENT	The same conditions apply as for Code A above except the agency prefers to recertify the payment after it has been advised of the status of the original payment, or after receiving credit from Treasury on the outstanding check. A recertified check is not issued until the status of the original check has been determined.
E	DECEASED	<ol style="list-style-type: none"> <li>1. Payee died before original check issue date.</li> <li>2. Payee's estate is not entitled to the proceeds of the original check.</li> </ol>
F	NON-ENTITLEMENT	Payee is not entitled to all, or any part of the proceeds of the check.
G	LOST/STOLEN - ENDORSED	<ol style="list-style-type: none"> <li>1. Payee entitled to proceeds of the check.</li> <li>2. Check was in payee's possession and had been' endorsed before it was lost or stolen.</li> </ol>
K	PHOTOCOPY	<ol style="list-style-type: none"> <li>1. Photocopy needed for administrative purposes.</li> <li>2. No indication of nonreceipt, loss, theft or that a claim will be involved.</li> <li>3. This code does not cancel an original check.</li> </ol>
L	CERTIFIED PHOTOCOPY	<ol style="list-style-type: none"> <li>1. Certified photocopy needed to satisfy legal requirements.</li> <li>2. No indications of nonreceipt, loss, theft, or other evidence that a claim for a check by the payee is involved.</li> <li>3. This code does not cancel an original check.</li> </ol>
M	STATUS	<ol style="list-style-type: none"> <li>1. Used to determine payment status only, when a photocopy is not required for administrative purposes.</li> <li>2. This code does not cancel an original check.</li> </ol>
R	FOLLOW-UP TO PRE-RECERTIFICATION STOP	<ol style="list-style-type: none"> <li>1. DO needs information on Request for Stop Payment (Standard Form 1180) submitted prior to recertification procedures (prior to July 27, 1984).</li> <li>2. This code does not cancel an original check.</li> </ol>
U	LEGAL INCAPACITATION	Agency determines payee is no longer legally entitled to the proceeds of the check.
P	LIMITED PAYABILITY CANCELLATION REQUEST	This code is for use only by Navy and Marine Corps disbursing offices. It is used to verify credit for limited payability cancellation from Treasury. This code does not cancel an original check.

Table 8-1. Unavailable Check Cancellation Stop Codes

OUTPUT CODE	DESCRIPTION
1	Magnetic tape input through Treasury Financial Centers and magnetic tape output from the CSD. (Note: agencies may not use this code unless they have entered into agreements with the Treasury's Field Operations and the CSD).
2	Paper Standard Form 1184 input; paper output.
3	Reserved.
4	Magnetic tape input from non-Treasury disbursing agencies and magnetic tape output from the CSD.
5	Reserved.
6	Reserved.

Table 8-2. Agency Output Codes

FOR AN ITEM CANCELLATION		FOR A BATCH TRANSMITTAL	
Original	DFAS Center	Original	DFAS Center
D.O. copy	Disbursing office retain	D.O. copy	Disbursing office retain
Agency receipt copy	Not used - destroy	Agency receipt copy	DFAS Center
Admin. agency copy	DFAS Center	Admin. agency copy	DFAS Center

Table 8-3. Distribution of Manually Prepared SF 1184, Unavailable Check Cancellation

STOP REJECT CODES			
1A	Rejected - symbol missing.	4D	Rejected - UCC/CSI code unauthorized for ALC: Certain stop codes are reserved for special use. If you submit a UCC with a stop code that is not available to the DoD, the UCC will reject.
1B	Rejected - check serial number missing.	4E	Rejected - invalid agency output indicator.
1C	Rejected - check amount missing.	5A	Rejected - check symbol field numeric only.
1D	Rejected - original check date missing.	5B	Rejected - check serial no. field numeric only.
1E	Rejected - UCC/CSI reason code missing.	5C	Rejected - amount field numeric only.
1F	Rejected - payee ID number missing.	5D	Rejected - reclaimed amount field numeric only.
1H	Rejected - payee name missing.	5E	Rejected - ALC field numeric only.
1I	Rejected - address missing.	6A	Rejected - invalid check date field.
1J	Rejected - decedent name missing.	6B	Rejected - invalid date of death field.
1K	Rejected - date of death missing.	7A	Rejected - no record of check symbol/serial no. (check issue report not submitted, recorded, or rejected).
1L	Rejected - agency location code missing.	8A	Rejected - ck canceled/agency credited.
1N	Rejected - amount to be reclaimed missing.	8B	Rejected - void check-DO never issued check.
1O	Rejected - agency output indicator missing.	9A	Rejected - amount not equal to issue amount.
2A	Rejected - check description error; resubmit corrected stop.		
3A	Rejected - date of death after check date.		
3C	Rejected - decedent payee wrong/payee.		
4A	Rejected - invalid UCC/CSI.		
4C	Rejected - invalid agency location code.		
PAID STATUS CODES			
11	Paid - photocopy and claim to follow.	15	Paid - certified photocopy to follow.
13	Paid - DCC reclamation; no photocopy to agency.	16	Paid - status. The check has been presented for payment or canceled and only status was requested.
14	Paid - photocopy to follow. Subsequently the DO will receive FMS Form 3838 with one of the following messages:	17	Paid - endorsement may prohibit claims action; photocopy and claim to follow.
	1. Check paid - copy enclosed.	18	Paid - statute of limitations expired; no photocopy available. The statute of limitations for making an unavailable check cancellation claim has expired. If status is needed, use stop reason code M.
	2. Check previously canceled by Standard Form 1184 and proceeds made available to agency.	20	Paid - declined check; photo/claim to follow.
	3. Check previously canceled by available check cancellation.	21	Paid - ACC credit by DO - no photo available.
	4. Check canceled pursuant to limited payability. The proceeds were made available to the agency 14 months after the issuance of the check.		
LIMITED PAYABILITY STATUS CODES			
25	Paid - no further information available. A copy of the check has been requested under stop codes K or L. Treasury is not able to provide copies of checks issued prior to November 7, 1986. Copies of checks issued on or after November 7, 1986 are generally available for 78 months.	26	Limited Payability Mass Cancellation. Check was issued prior to October 1, 1989 and was included in the cancellation of all outstanding checks on November 30, 1990. No further assistance available.
		27	Check Previously Canceled By Limited Payability. The check was outstanding after 14 months from its issue date and was canceled.
OUTSTANDING STATUS CODES			
32	Outstanding - check canceled, agency credited.	34	Outstanding - status.
33	Outstanding - no photocopy.		

Table 8-4. Daily Advice of Status Codes and Messages

PAYMENT EXCEPTION STATUS CODES			
40	Payment Exception - DCC to review and advise.	43	Payment Exception - DCC to review and advise.
41	Payment Exception - DCC to review and advise.	44	Payment Exception - DCC to review and advise.
42	Payment Exception - DCC to review and advise.		
SUBSEQUENT STOP CODES			
53	Rejected - duplicate stop.	63	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy and claim attached. Endorsement may prohibit claims action.
54	Check has been previously canceled.		
61	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy and claim attached.	90	Payment Exception - ODCC to review and advise.
62	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy used for DCC reclamation on deceased stop.		

Table 8-4. Daily Advice of Status Codes and Messages (Continued)

Reason	Time Frame	Remarks
1. DAS states duplicate stop.	Immediately.	
2. DAS states exception category.	No earlier than 60 days from receipt of DAS.	
3. DAS states check paid. a. Photocopy of check and claim form not received. b. Photocopy of check received, no claim form. c. Received claim form without photocopy of check. d. Photocopy of check has different check symbol and serial number from DAS.	No earlier than 30 days from receipt of DAS. Immediately upon receipt of photocopy of check. Immediately upon receipt of claim form. Immediately upon receipt of photocopy of check.	Check items 4, 4a, and 4b of FMS Form 3864. Check items 4 and 4b of FMS Form 3864. Check items 4 and 4a of FMS Form 3864. Return photocopy of check. Check items 4 and 4c of FMS Form 3864.
4. Standard Form 1081 received with a claim document. a. Without photocopy of check. b. Without claim form (not applicable for stop code E or T when no photocopy of check can be obtained). c. Without a photocopy of check and claim form. d. With wrong photocopy of check.	Immediately upon receipt of Standard Form 1081. Immediately upon receipt of Standard Form 1081. Immediately upon receipt of Standard Form 1081 and claims document. Immediately upon receipt of Standard Form 1081 and claims document.	Check items 5 and 5a of FMS Form 3864. Check items 5 and 5b of FMS Form 3864. Check items 5, 5a, and 5b of FMS Form 3864. Check items 5 and 5c. In item 10, OTHER, state whether the check problem involves a wrong payee or a wrong symbol and serial number. Return the photocopy of the check.
5. Treasury has not responded to a claim form.	No earlier than 30 days from submission of the claim form.	Enter the date claim form submitted on FMS Form 3864.
6. Claims disposition notice (CDN) indicates need for investigation or refund from bank, but final CDN not received.	a. No earlier than 120 days from CDN that states "Pending investigation." b. No earlier than 180 days from CDN that states "Pending refund from bank."	Treasury does not continually follow-up with banks. DO's should follow-up with Treasury monthly when credit is anticipated.
7. DAS advised outstanding check canceled, credit not received.	No earlier than 21 days from receipt of DAS.	
8. Credit not received as a result of deceased payee when Treasury requesting refund from bank.	No earlier than 180 days from receipt of DAS.	Treasury does not continually follow-up with banks. DO's should follow-up with Treasury monthly when credit is anticipated.
9. FMS Form 3864 submitted, no response.	Submit second FMS Form 3864 no earlier than 30 days from date of original FMS Form 3864.	

Table 8-5. Reason and Time Frame for Submitting FMS Form 3864

(USE APPROPRIATE LETTERHEAD)

February 12, 19XX

MEMORANDUM FOR RECORD

This memorandum certifies that on February 12, 19XX, one hundred and one (101) spoiled U.S. Treasury checks bearing disbursing station symbol number 7834 and serially numbered from 70,006,499 through 70,006,599 (both numbers inclusive, were completely destroyed by shredding.

J.A. HANCOCK  
LT, SC, USN  
Disbursing Officer

We the undersigned certify by signature hereon that the checks listed above were physically verified by us and that all were completely destroyed by shredding in our presence on February 12, 19XX.

---

G.C. GARLAND, LT, USN

---

WILLIAM B. ELLIS, ENS, SC, USNR

Figure 8-1. Sample Certificate of Destruction

DD Form 2661, AUG 93

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DD Form 2658, AUG 93

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STANDARD FORM 1098 Revised July 1980 Department of the Treasury 1 TFRM 4-7000 1098-110						SCHEDULE OF CANCELED OR UNDELIVERED CHECKS	
CANCELED <input checked="" type="checkbox"/> UNDELIVERED <input type="checkbox"/>							
DEPARTMENT OR ESTABLISHMENT Department of the Army					SCHEDULE NUMBER 123		
BUREAU OR OFFICE Disbursing Office					SHEET NUMBER 1 of 1		
LOCATION Fort Finance, IN 46216					D.O. SYMBOL NO. 0001		
ACCOUNTING PERIOD					AGENCY LOCATION CODE (ALC)		
DATE OF ISSUE	CHECK NUMBER	PAYEE	VOUCHER NUMBER APPLICABLE	AMOUNT	SYMBOL OF APPROPRIATION OR FUND TO BE CREDITED		
30 Aug XX	01234567	Cance L. Check, SGT	400398	132.37	(Cite the complete accounting classification to be credited)		
TOTAL				132.37			
The amount of the above check(s) was deposited for credit in the account of the U.S. Treasury, on deposit ticket no.			DATE OF DEPOSIT TICKET 30 Oct 19XX		FORWARDED (Date)		
DISBURSING OR ACCOUNTABLE OFFICER  C.D. JEFFREY, LTC, FC			DATE  31 Oct 19XX		BY (Name)  TITLE		

NSN 7540-00-634-4287

PREVIOUS EDITION NOT USABLE

Figure 8-4. Sample SF 1098, Schedule of Canceled or Undelivered Checks

DD Form 2662, AUG 93

**Figure 8-5. Sample DD Form 2662, Recertified Check Register**

STATEMENT OF CLAIMANT REQUESTING RECERTIFIED CHECK					Form Approved OMB No. 0730-0002 Expires Dec 31, 1996	
<small>Public reporting burden for this collection of information is estimated to average 5 per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Service, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0730-0002), Washington, DC 20503.</small> <b>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO EITHER OF THESE ADDRESSES. RETURN COMPLETED FORM TO THE ADDRESS OF THE AGENCY WHO PROVIDED THIS FORM.</b>						
<b>PRIVACY ACT STATEMENT</b>						
<b>AUTHORITY:</b> 31 CFR 245.8. <b>PRINCIPAL PURPOSE:</b> To request a recertified check. <b>ROUTINE USE(S):</b> Information is used by the Disbursing Office as the basis for issuing a recertified check and for canceling the original. It is also used to verify how original check was lost, stolen, etc., and to establish a proper mailing address. This information may also be used for other lawful purposes, including law enforcement and litigation. <b>DISCLOSURE:</b> Voluntary; however, if payee does not provide information, a recertified check cannot be issued.						
<b>WARNING:</b> Title 18, Sec 287, US Code: "Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."						
1. PAYEE (Show business name or financial organization, if applicable)				2. SSN (or employee identification number)		
Ida M. Jones				345-00-6789		
3. CO-PAYEE OR PAYEE TO BE CREDITED IF ITEM 1 IS A FINANCIAL ORGANIZATION						
4. ADDRESS TO WHICH CHECK WAS MAILED (Include 9-digit ZIP Code)				5. CORRECT MAILING ADDRESS (if different from Item 4)		
123 Apple Tree Lane New City, FL 12345-0000						
6. PURPOSE FOR WHICH CHECK WAS ISSUED (Check applicable box)					7. DATE DUE (Approximate)	
<input checked="" type="checkbox"/> REGULAR PAY	<input type="checkbox"/>	<input type="checkbox"/> TRAVEL PAY	<input type="checkbox"/>	<input type="checkbox"/> VENDOR PAY	<input type="checkbox"/>	OTHER (Specify)
8. (Check applicable boxes)						
<input checked="" type="checkbox"/>	a. CHECK WAS NOT RECEIVED					
<input type="checkbox"/>	b. CHECK WAS RECEIVED BUT WAS:					
<input type="checkbox"/>	<input type="checkbox"/>	(1) LOST	<input type="checkbox"/>	(2) STOLEN	<input type="checkbox"/>	(3) DESTROYED
<input type="checkbox"/>	(4) MUTILATED					
9. (Check applicable box)						
<input checked="" type="checkbox"/>	a. CHECK WAS NOT ENDORSED			b. CHECK WAS ENDORSED		
10. CERTIFICATION						
I certify that I (we) have in no way benefitted from the proceeds of the above check, and do hereby request a recertified check be issued to me. I further certify that if I recover the original check, I will not negotiate it but will immediately return it to the Disbursing Office. I fully understand that negotiation of both the original and recertified check constitutes a fraudulent act against the United States Government and as such is subject to punishment as provided by law. I further consent to immediate recoupment from future pay and allowances due me if I negotiate both the original and recertified checks, including interest and administrative costs.						
11. SIGNATURE OF PAYEE (or payee representative)			12. DATE	13. SIGNATURE OF CO-PAYEE/THIRD PARTY		14. DATE
			9/26/XX			
FOR DISBURSING OFFICE USE						
15. CHECK DATA						
a. CHECK NUMBER	b. DATE OF CHECK	c. CHECK AMOUNT	d. ISSUING DSSN	e. VOUCHER NUMBER		
60990341	9/20/XX	789.00	5098	399656		
16. DO REMARKS						

DD Form 2660, FEB 94

 REPLACES DA FORM 3037, AUG 87; AND  
 AF FORM 326, JUN 85, WHICH ARE OBSOLETE

★Figure 8-6. Sample DD Form 2660, Statement of Claimant Requesting Recertified Check

**Figure 8-7. Sample SF 1184, Unavailable Check Cancellation (Item Cancellation)**

**Figure 8-8. Sample SF 1184, Unavailable Check Cancellation (Transmittal Document)**

BGFO - BUREAU OF GOVERNMENT FINANCIAL OPERATIONS				NSN 7540-00-526-3709	
<div style="display: flex; justify-content: space-between;"> <div style="font-size: small;">           Standard Form No. 1184 (Rev. 6-84)            Prescribed by Dept. of the Treasury            1 TFRM 4-7000            1184-105            Previous Edition Unusable         </div> <div style="text-align: center; font-weight: bold; font-size: large;">UNAVAILABLE CHECK CANCELLATION</div> </div>					
CK. SYM	CK. SERIAL	CK. AMOUNT	CK. DATE	AGY./PAYEE ID NO.	
5100	06843111	250.00	1026XX		
LINE CODE	STOP CD.	AGENCY CODE	<div style="font-weight: bold; font-size: small;">FOR D.O. USE</div> <div style="margin-top: 10px;"> <input checked="" type="checkbox"/> Request processed  <input type="checkbox"/> Payment returned and canceled by DO on _____   <input type="checkbox"/> No payment issued  <input type="checkbox"/> Incorrect/Incomplete SF 1184   <div style="border-top: 1px solid black; padding-top: 5px;">               5100 USS NEVERSAIL (XY-1)                D.O. Activity _____                 (Signature) _____             </div> </div>		
PAYEE NAME					
ADDRESS					
NAME OF DECEDENT					
D. OF DEATH	AMT. TO BE RECLAIMED	AGY. LOC. CODE	AGENCY OUTPUT		
AGENCY REFERENCE					
<div style="font-weight: bold; font-size: small;">FOR AGENCY USE</div> <div style="margin-top: 10px;">           Holder-In-Due-Course            Payee: John H. O'Hare                      559-00-1234             Claimant: Sunshine Realty Corp.                      Slew Road                      Outskirts, OK         </div> <div style="margin-top: 20px; display: flex; justify-content: space-between;"> <div>           U.S. Marine Corps            Agency _____         </div> <div>           _____            (Signature)         </div> </div>					

Figure 8-9. Sample SF 1184, Unavailable Check Cancellation (Holder-In-Due-Course)

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## CHAPTER 09

CHECK ISSUE REPORTING0901 CHECKING ACCOUNT REPORTS

090101. General. All disbursing offices are required to report their check issues on Level 8 Magnetic Tape (or, for mechanized systems that are consolidated at the DFAS Centers (or designated Financial Information Processing Centers) by automated means). The reporting of detailed check issue information by automated means is the preferred method of check issue reporting. DOs should contact their servicing DFAS Center for information on availability and instructions for use of automated reporting methods. Where available, the Defense Check Reconciliation Module should be used for check issue reporting.

090102. Requirements. Detailed check issue data is reported in groups of checks called "transmittals" that uniquely identify the DSSN, issue month and year, and check series. A new transmittal is required each time a break in check numbers occurs or the issue month and year changes. For DOs reporting check issues for multiple DSSNs, a separate transmittal is required for each individual DSSN as well as for each break in check numbers or change in issue month and year within each DSSN. A single transmittal may be split between two or more reels, but may not exceed 10 reels. One submission of detailed check issue data may consist of one or more transmittals and/or one or more reels. All DOs submitting magnetic tape checking account reports directly to Treasury shall forward their magnetic tape reels and supporting documents to the Treasury no later than 4 days after the close of business of the week in which the issue dates occur and no later than 2 days after month-end to: Tape Library - Room 306A, - (LVL-8), Computer Services Division, Financial Management Service, Prince Georges Center II, 3700 East-West Highway, Hyattsville, MD 20782-2092.

090103. When Computer Facilities Are Not Available. Larger disbursing offices with computer capabilities exercising control over multiple DSSNs are requested to furnish the Treasury with consolidated check issue tapes (multiple

DSSNs and issues consolidated on the same tape) for the smaller activities that are unable to use automated means or Level 8 tape reporting because they lack computer facilities. To facilitate the conversion to Level 8 tape, check-issue detail records and supporting adjustment documents (FMS Forms 5206 and OFs 1017-G) shall be forwarded by the smaller activities to the designated disbursing offices in a satisfactory time frame for those offices to meet their deadline of reporting to the Treasury via magnetic tape.

090104. Disbursing Office Responsibility for Magnetic Tapes. The disbursing office is responsible:

A. to quality assure all Level 8 check-issue tapes submitted to the Treasury for processing;

B. when notified of a rejected tape or rejected transmittal within a tape, to submit a corrected tape or transmittal within 10 workdays of the notification date;

C. when a magnetic tape or transmittal has been rejected, to continue to submit subsequent tapes and transmittals; and,

D. to be able to recreate tape issue data for a period up to 180 calendar days following submission or replacement of a magnetic tape.

090105. Inquiries. Inquires concerning Level 8 magnetic tapes should be directed to the Treasury Department, Production Support Section, Input Control Unit by calling (202) 874-7730.

0902 LEVEL 8 MAGNETIC TAPES

090201. General. Disbursing offices that obtain computer capabilities which will enable reporting check issues directly to Financial Management Service (FMS) via Level 8 magnetic tapes shall comply with the conversion testing requirements in paragraph 090204 below.



090202. Tape Requirements. Magnetic tapes used in Level 8 reporting shall meet the following criteria:

A. The magnetic tape shall be unlabeled (that is, no internal magnetic tape labels or markings).

B. The magnetic tape shall be a 9-track, EDCDIC tape prepared with 6250 bpi density. If 6250 cannot be produced, 1600 bpi is acceptable. No 800 bpi will be accepted.

C. The block size is 15,600 bytes (240 records per block). If 15,600 block-size cannot be produced, 7,800 bytes (120 records per block), 3,900 bytes (60 records per block), or 1,950 bytes (30 records per block) may be used.

D. Each reel of magnetic tape shall have a separate unique "LVL8" label. The label shall be large enough to accommodate all the following information. The information shall be externally affixed to the reel and not to the case: Treasury Check Issues - Level 8; User Reel No. (Up to 6 Characters); First Transmittal No. XXXX-YYYY-ZZZZZZZZ (this number shall agree with the first header record on the check issue tape and the first line of TFS Form 3510, Magnetic Tape Control Record); Block size 15,600 (or 7,800, etc.); BPI 6250 (or 1600) Track 9; Reel Sequence No.     of     (for example, reel 1 of 2 on multi-reel submissions). The label shall also have an address for returning processed tapes, the name of a contact person, and the submitting organization's area code and commercial telephone number.

E. The check issues reported on magnetic tape shall be in consecutive, ascending order within each submission.

F. If multiple transmittals are on a single tape, the individual transmittal trailer records shall contain the count and amount totals for only one transmittal. There is no cumulative total between transmittals.

G. Check serial numbers and DSSNs shall be valid in FMS's data base.

H. Each transmittal shall balance internally; the item count and total dollar amount computed from the detail-issue records

shall equal to the totals on the transmittal-trailer records.

I. A single transmittal may not exceed 9,999,999 individual check issues or \$99,999,999.99 total dollar value.

J. Voided checks shall be reported in serial number sequence as zero amount issues. The serial numbers shall be reported in the proper sequence with those of other checks issued within the same check range.

K. The TFS Form 3510 shall be signed and shall accompany all Level 8 magnetic tapes.

L. A self-addressed, postage-paid envelope or postcard with the DO's complete official address shall be included with all magnetic tape submissions. The envelope or postcard should contain the DSSN, reel number, and transmittal number to identify the item received. The envelopes or postcards will be dated, signed, and returned to the DOs as positive confirmation of receipt by FMS.

090203. Transmittal Structure. Transmittals shall conform to the basic structure shown in table 9-1. Standard issue record layouts for header records, issue records, and trailer records are shown in tables 9-2, 9-3, and 9-4, respectively. An entire submission of data, which may consist of one or more transmittals and/or one or more reels, should be treated as one data set in the job control language (JCL). Each submission shall end with two tape marks following the last block of data on the last tape reel. If two or more tape reels are submitted, a single mark shall follow the last block on all preceding tape reels (see table 9-1). Other use of tape marks is unacceptable and will cause rejection. If the last block is not full (short block is not full), a short block should be written with the end-of-file tape marks immediately following the last data record. If this cannot be done using available hardware or system software, 65-byte dummy records shall be written to fill the block to a point where the end-of-file tape marks, immediately following the last 65-byte record, can be entered. These dummy records shall contain the character "Z" in all 65 positions.

090204. Conversion to Level 8. Activities and DOs not currently reporting check issues on

Level 8 tape may not start reporting check issues under Level 8 until testing has been completed and approval is obtained in writing from the Non-tape Conversion Project Manager, Systems Requirements Division of FMS. The criteria for submitting a test tape is as follows:

A. A test tape should include a submission of at least two transmittals with 25 sequential check issues each.

B. The test tape shall also include a number of voided checks (no issue) reported as zero amount issues within the subsequential submission.

C. The test tape shall include a properly formatted header record, detail records with check serial numbers in consecutive ascending order (note: the check serial number of the first detail record shall agree with the header record), and a trailer record. The item count and dollar amount computed from the detail-issue records shall be equal to the totals on the trailer record.

D. A test submission shall include a properly completed TFS Form 3510.

E. Information shall accompany the test tape showing: (1) automated data processing and accounting contracts and their respective addresses and area code with commercial telephone numbers; (2) DSSN; (3) reel number; (4) beginning and ending check number for each submission of test data; (5) total amount of check issues per submission of test data; and (6) notification that the magnetic tape is a test tape.

F. Test tapes and their supporting documents shall be sent to: CP&R Branch - LVL 8 Test Tape, Applications Software Division, Financial Management Service, Prince Georges Center II, Room 900B, 3700 East-West Highway, Hyattsville, MD 20782-2092.

G. If a program for magnetic tape reporting is created on one type of computer hardware and the using DO installs the program on a different manufacturer's hardware, the DO shall submit a magnetic tape to FMS for further testing and approval. Also, if the using DO changes or modifies the software, a magnetic

tape shall be sent for testing and approval from FMS.

090205. FMS Approval. FMS will officially inform the DO by letter that the test tape is acceptable. The DO shall then advise FMS of the check serial number for starting Level 8 reporting and the starting date. The starting date need not be at the beginning of a month. Conversion lead time is negotiable with user arrangement with FMS.

#### 0903 SUPPORTING DOCUMENTS FOR MAGNETIC TAPES

090301. TFS Form 3510, Magnetic Tape Control Record. Magnetic tapes shall be submitted to FMS supported by a properly completed and signed TFS Form 3510. Multiple DSSNs may be reported on one tape, however, the TFS Form 3510 shall be uniquely identified by DO symbol number, the controlling check symbol number, and the first check serial number contained in the first transmittal included on the tape. Only one DO symbol and check symbol shall be on each transmittal, and checks shall be in consecutive ascending serial number order within each transmittal. A new transmittal shall be created for each break in the DO symbol number, check symbol number, check serial number, or month and year of issue. Examples of properly completed TFS Forms 3510 for a single transmittal and for a tape containing several transmittals are shown as figures 9-1 and 9-2, respectively.

#### 090302. Preparation of TFS Form 3510

A. For a Single Transmittal on One Tape. Complete the blocks of the TFS Form 3510 for a single transmittal on one tape as follows:

##### 1. TRANSMITTAL NUMBER.

Enter the DSSN-DSSN-First check number of the transmittal.

##### 2. NUMBER OF CHECKS.

Enter the inclusive number of checks in the transmittal.

##### 3. TOTAL ISSUE AMOUNT.

Enter the total dollar amount of the checks in the transmittal.

4. DISBURSING LOCATION.

Enter the city or name of the base or station where the disbursing office is located.

5. DO SYMBOL NUMBER.

Enter the DSSN.

6. CHECK SYMBOL NUMBER.

Enter the DSSN.

7. ISSUE DATE OF CHECKS.

Enter the inclusive dates during which the checks were issued. For example: June 1-5, 1987 or May 15-31, 1988.

8. DATE TAPE CREATED.

Enter the date the tape was created.

9. TAPE REEL NUMBER/DENSITY. Enter the reel number and the BPI (1600 or 6250, as appropriate).

10. SERIAL NUMBERS. Enter the serial number of the first and last checks included in the transmittal.

11. MONTH AND YEAR FOR WHICH RENDERED. Enter the issue month and year.

12. DISBURSING STATION AND LOCATION. Enter the complete disbursing office address, area code, and commercial telephone number.

13. TAPE TYPE. Enter "Level 8".

14. DISBURSING OFFICER'S SIGNATURE. Self explanatory.

B. For Multiple Transmittals on One Tape. Complete the blocks of the TFS Form 3510 for multiple transmittals (transmittals for more than one disbursing office) on one tape as follows:

1. TRANSMITTAL NUMBER.

Enter the DSSN-DSSN-First check number of transmittal. The first transmittal on the tape shall always be for checks issued by the disbursing office preparing and submitting the tape. The first transmittal on a tape determines to whom the tape is returned and notices of acceptance and/or rejection are provided.

2. NUMBER OF CHECKS.

Enter "See Attached".

3. TOTAL ISSUE AMOUNT.

Enter "See Attached".

4. DISBURSING LOCATION.

Enter "Various".

5. DO SYMBOL NUMBER.

Enter "Various, See Attached".

6. CHECK SYMBOL NUMBER.

Leave blank.

7. ISSUE DATE OF CHECKS.

Enter "Various, See Attached".

8. DATE TAPE CREATED.

Enter the date the tape was created.

9. TAPE REEL NUMBER/DENSITY. Enter the reel number and the BPI (1600 or 6250, as appropriate).

10. SERIAL NUMBERS. Enter the serial number of the first check included in the transmittal. Leave the block for Last Check Number blank.

11. MONTH AND YEAR FOR WHICH RENDERED. Enter "See Attached".

12. DISBURSING STATION AND LOCATION. Enter the complete address, area code, and commercial telephone number of the disbursing office preparing and submitting the tape.

13. TAPE TYPE. Enter "Level 8".

14. DISBURSING OFFICER'S SIGNATURE. Self explanatory.

15. A listing similar to that shown in figure 9-2 shall be attached to the TFS Form 3510. The listing shall contain the DSSN, Date Created, First Check Number, Last Check Number, Transmittal Amount, Number of Checks, and Month and Year for which Rendered for each transmittal included on the tape. The first transmittal listed shall be the first transmittal on the tape (i.e., the one actually listed on the TFS Form 3510). At the end of the

list, the grand total of all transmittals included on the tape and the grand total of the number of items shall be shown.

090303. Self-addressed Envelope or Postcard.

A self-addressed, postage-paid envelope or postcard with the DO's complete official address shall be included with all magnetic tape submissions. The envelope or postcard should contain the DSSN, reel number, and transmittal number to identify the item received. The envelope or postcard will be dated, signed, and returned to the DO as positive confirmation of receipt by Treasury.

0904 REPORTING DOCUMENTS REQUIRED

090401. General. The SF 1179, Month End Check Issue Summary shall be used by disbursing offices for monthly reporting of Level 8 check issue transmittals. At the end of every month, a consolidated SF 1179 shall be submitted to summarize the check issues for the month. The total dollar amount of issues submitted by transmittal (each listed individually) shall be summarized on the SF 1179. It shall also show current and prior months' adjustments to check issue totals as effected by the documents listed in paragraph 090103 of this chapter. The total amount shown on the SF 1179 shall agree with the amount shown in Part A, Column (2), on the reverse of the SF 1219.

090402. Check Issue Reporting for Depository Checking Accounts. Depository checking account reports shall be prepared and submitted following the procedures in chapter 14 of this Volume.

090403. Preparation of the SF 1179. The SF 1179 is prepared in an original and 2 copies. DOs shall ensure that all blocks of the SF 1179 are properly completed, including page and location, DO's signature, and the month and year for which rendered. The blocks of the SF 1179, as shown in figure 9-3, shall contain the following information:

A. DISBURSING OFFICE NAME/MAILING ADDRESS. Enter the name and complete mailing address of the issuing disbursing office.

B. TELEPHONE NO. COMMERCIAL OR FTS. Enter only the area code and commercial or FTS telephone numbers. Do not enter DSN numbers.

C. D.O. NAME. Enter the name and rank or grade of the DO.

D. D.O. SIGNATURE. The DO shall sign in the space provided.

E. CHECK SYMBOL NO. Enter the four-digit DSSN.

F. MONTH AND YEAR FOR WHICH RENDERED. Enter the month and year during which the checks being reported were issued.

G. D.O. SYMBOL NO. Enter the four-digit DSSN for the first transmittal only. The block may be left blank for any additional transmittals listed on this summary.

H. CHECK SYMBOL NO. Enter the four-digit DSSN for the first transmittal only. The block may be left blank for any additional transmittals listed on this summary.

I. BEGINNING CHECK NO. Enter the beginning check serial number for each transmittal.

J. ENDING CHECK NUMBER. Enter the ending check serial number for each transmittal.

K. REPORTING METHOD. Enter "TAPE (Level 8)". Enter the method for the first transmittal listed only. Beneath the method, list by each transmittal the inclusive dates for which checks were issued. (For example: Tape (Level 8); 12/1-15/88 or 12/16-31/88).

L. TOTAL DOLLAR AMOUNT OF ISSUES (FOR EACH TRANSMITTAL). Enter, adjacent to each transmittal, the total of the issue amounts of all checks reported on each transmittal.

M. SUMMARY: LINE 1. Enter the total dollar amount for all transmittals listed in the above blocks. The total shall agree with the

total of checks issued as reported in Column (2), Part A, Section II, on the reverse of the SF 1219.

N. SUMMARY: LINE 2(a). Enter the net total representing adjustments to current and prior months' issues for which FMS Forms 5206 have been received from the Treasury and taken up in the accounts of the DO. The amount on this line shall agree in net with the amount shown in Column 3, Part A, Section II, on the reverse of the SF 1219.

O. SUMMARY: LINE 2(b). Enter the net total representing adjustments to current and prior months' issues made by the disbursing office and recorded on OFs 1017-G. Copy 2 of the OF 1017-G should be attached to the SF 1179 in support of the amount entered. The amount on this line shall agree in net with the amount shown in Column 4, Part A, Section II, on the reverse of the SF 1219.

P. SUMMARY: LINE 3. This line represents the net total of lines 1, 2(a), and 2(b). The net total shall agree with the amount shown in Column 5, Part A, Section II, on the reverse of the SF 1219 and shall agree with the amount reported on line 2.1, Part A, Section I on the front of the SF 1219.

090404. Distribution of SF 1179. Except as provided in this paragraph, DOs are required to submit the ORIGINAL of the SF 1179 on or before the 10th of the month following the close of the check issue month, with copies of supporting documents (FMS Forms 5206 and OFs 1017-G) to: Financial Analysis Branch, Financial Management Service, Department of the Treasury, Room 600E, 3700 East-West Highway, Hyattsville, MD 20782. The second copy shall be forwarded with the financial reports to the servicing DFAS Center. The third copy shall be retained in the disbursing office files. Navy and Marine Corps DOs submitting check-issue reports to an FIPC or another disbursing office for conversion to magnetic tape shall submit the ORIGINAL of the SF 1179 with the detail of checks issued to the FIPC or disbursing office. The office converting the check issue data to magnetic tape shall be responsible for submitting a properly prepared SF 1179 to FMS. The second copy shall be submitted with the monthly financial reports. The third copy shall be retained in the disbursing office files.

090405. Spoiled Checks. DO NOT forward spoiled checks to Treasury. Spoiled checks are retained at the disbursing office. When a check is spoiled, no reference will be made on the record of checks issued that a control check has been issued. The serial number of the spoiled original check shall be inscribed on the control check. That serial number already appears on the record of checks issued. Instructions for disposition of spoiled checks are contained in chapter 08 of this Volume.

090406. Control Checks. Control checks are used to replace prenumbered check stock that is spoiled for any reason, before or after release by the disbursing office. Control checks are not preprinted with a serial number. Disbursing offices shall inscribe the original check serial number on the control check and have in place internal controls or review processes to verify that the check serial number is inscribed correctly. Detailed instructions for use and preparation of control checks are contained in chapter 08 of this Volume.

090407. Voided Checks. Voided checks shall be reported on magnetic tape as zero amount issues. Serial numbers are recorded in the proper sequence with those of other checks issued in the same check range. Voided checks shall not be forwarded to the Treasury. Voided checks shall be disposed of as prescribed in chapter 08 of this Volume.

090408. Advice of Check Issue Discrepancies. When the issue amount reported by a disbursing office differs from the amount printed on the check, the Treasury will report the discrepancy on an FMS Form 5206. The three computer-generated copies of the form provide the disbursing office with a full description of the error. If the payee has not been over-paid or under-paid, but incorrect check issue information has been reported to the Treasury, the FMS Form 5206 shall still be processed as prescribed in chapter 07 of this Volume.

090409. Audit of Treasury Checking Accounts. The audit and reconciliation of checks for symbol number checking accounts is accomplished by the Treasury. The Treasury uses an electronic payment and reconciliation system under which controls are maintained over the amounts of issues and payments for each individual check

serial number of each DSSN.. Each paid check is reconciled with the amount of issue as reported by the DO on the check-issue report (weekly and end-of-month TFS Forms 3510 and monthly SF 1179). The Treasury will not furnish reconciliation statements or outstanding check lists. However, each DO will be advised by the Treasury as to each check issue discrepancy of \$1.01 or more detected during the check reconciliation process. The Treasury will adjust check issue discrepancies of \$1 or less, without notification to the DO. In addition, the Treasury will advise each DO of all checks paid for which a report of check issue has not been received or accepted.

<u>SAMPLE TAPE/TRANSMITTAL STRUCTURE</u>		
Tape Reel	Transmittal	Data Records
1	1	Transmittal Header
		Standard Issue Records
		.
		.
		.
1	N	Transmittal Trailer
		-Transmittal 1 Totals
		.
		.
		.
1	N	Transmittal Header
		Standard Issue Records
		.
		.
		.
1	N	Tape Mark
		.
		.
		.
		.

Table 9-1. Sample Tape/Transmittal Structure

SAMPLE TAPE/TRANSMITTAL STRUCTURE (Continued)		
Tape Reel	Transmittal	Data Records
2	N (Continued)	Standard Issue Records
		•
		•
		•
	•	Transmittal Trailer
	•	-Transmittal N Totals
	•	
2	Z	Transmittal Header
		Standard Issue Records
	•	
		•
	•	Transmittal Trailer
		-Transmittal Z Totals
		Tape Mark
		Tape Mark

Table 9-1. Sample Tape/Transmittal Structure (Continued)



<u>STANDARD ISSUE TRANSMITTAL HEADER RECORD</u>		
<u>Data Element</u>	<u>Length</u>	<u>Format</u>
1. Record ID	1	X(1)
2. Transmittal Type	2	X(2)
3. Transmittal Creation Date	5	9(5)
4. DO Symbol	4	9(4)
5. Check Symbol	4	9(4)
6. First Serial Number	8	9(8)
7. Accounting Month & Year	4	9(4)
8. Batch Number	3	X(3) - Optional
9. Filler	<u>34</u>	X(34)
	65	
1) Identifies header record. Constant value = H. 2) Identifies transmittal reporting method. Constant value = IR. 3) Julian date (YYDDD format). 4) Zero-fill left. If DO symbol = check symbol, repeat the symbol. 5) Zero-fill left. If DO symbol = check symbol, repeat the symbol. 6) Zero-fill left. Serial number of the first issue item in the transmittal. 7) MMY format, where YY is the last two digits of year. This is the accounting month under which the check issues in the transmittal will be reported on the SF 1219, Statement of Accountability. 8) Ascending sequential number beginning with Batch 001 for the first transmittal in each accounting month. Field should be blank when not used. 9) Spaces.		

Table 9-2. Standard Issue Transmittal Header Record

<u>STANDARD ISSUE RECORD</u>		
<u>Data Element</u>	<u>Length</u>	<u>Format</u>
1. Check Serial Number	8	9(8)
2. Issue Amount	11	9(9)V99
3. Issue Date	5	9(5)
4. Payee ID Number	16	X(16) - OP-TIONAL
5. Agency Location Code*	8	9(8)
6. Account Symbol	16	X(16)
7. Payment Type	<u>1</u>	X(1)
	65	

\* Data Element 5, Agency Location Code is required only for those agencies (VA, SSA, SSI, and RRB) that are participating in administrative cancellation. If not used, zero fill.

1. Check serial number (check symbol) zero-fill left.
2. Zero-fill left (no decimal points or commas).
3. Julian format (YYDDD). This is the date on the check.
4. Payee ID number should be blank when not used.
5. Agency location code (ALC) is defined as the 3-, 4-, or 8-digit accounting station symbol designation. For non-Treasury disbursing stations, it is also the DO symbol (4 digits). ALC must be a valid, authorized symbol. Zero-fill left.
6. Account symbol is defined as the appropriation account assigned by Treasury that has been charged with this check issue payment. The account symbol should be blank when not used. Left justify account symbols less than 16 characters.
7. Payment type indicates to the agency the category of the issues, for example, Payroll Payments, Benefit Payments, Vendor Payments, Grant Payments, and Miscellaneous Payments. It should be blank when not used.

Note: Voided issues are reported as follows:

- Check serial number, issue amount, and issue date are required.
- Issue amount is zero.
- Issue date is the date the check is voided.
- Payee ID number, account symbol, and payment type should be blank.
- Agency location code should be zero-filled.

Table 9-3. Standard Issue Record

<u>STANDARD ISSUE TRANSMITTAL TRAILER RECORD</u>		
<u>Data Element</u>	<u>Length</u>	<u>Format</u>
1. Record ID	1	X(1)
2. Transmittal Amount	13	9(11)V99
3. Transmittal Item Count	7	9(7)
4. Filler	<u>44</u>	X(44)
	65	
1) Identifies trailer record. Constant value = T. 2) Zero-fill left. 3) Zero-fill left. 4) Spaces.		

Table 9-4. Standard Issue Transmittal Trailer Record

<b>MAGNETIC TAPE CONTROL RECORD</b>			
TO BE COMPLETED BY THE DISBURSING OFFICE			
TRANSMITTAL NUMBER  5040-5040-03674295	NUMBER OF CHECKS (item count)  2003	TOTAL ISSUE AMOUNT  \$63,789,457.00	
DISBURSING LOCATION (CITY)  Lowry AFB, CO	DO SYMBOL NUMBER  5040	CHECK SYMBOL NUMBER  5040	
ISSUE DATE OF CHECKS (mo, days, and year)  June 1 - 5, 19XX	DATE TAPE CREATED  June 8, 19XX	TAPE REEL NUMBER/DENSITY  672/6250	
SERIAL NUMBERS		MONTH AND YEAR FOR WHICH RENDERED	
FIRST CHECK ON TAPE  03674295	LAST CHECK ON TAPE  03676297	June 19XX	
DISBURSING STATION AND LOCATION  Lowry AFB, CO 80230-5000 (303) 370-5114	TAPE TYPE  Level 8	DISBURSING OFFICER'S SIGNATURE  _____	
FOR FINANCIAL MANAGEMENT SERVICE USE			
FMS CONTROL NUMBER		TAPE TYPE	

TFS FORM 3510

6-86

EDITION OF 5-86 MAY BE USED

FINANCIAL MANAGEMENT SERVICE

Figure 9-1. Sample TFS Form 3510, Magnetic Tape Control Record (Single Transmittal)

<b>MAGNETIC TAPE CONTROL RECORD</b>			
<b>TO BE COMPLETED BY THE DISBURSING OFFICE</b>			
TRANSMITTAL NUMBER  5090-5090-01193100	NUMBER OF CHECKS (item count)  See Attached	TOTAL ISSUE AMOUNT  See Attached	
DISBURSING LOCATION (CITY)  Various	DO SYMBOL NUMBER  Various See Attached	CHECK SYMBOL NUMBER	
ISSUE DATE OF CHECKS (mo, days, and year)  Various See Attached	DATE TAPE CREATED  December 14, 19XX	TAPE REEL NUMBER/DENSITY  10156/1600	
SERIAL NUMBERS		MONTH AND YEAR FOR WHICH RENDERED	
FIRST CHECK ON TAPE  01193100	LAST CHECK ON TAPE	See Attached	
DISBURSING STATION AND LOCATION Defense Accounting Office Financial Information Processing Center Washington, DC 20376-5000	TAPE TYPE Level 8	DISBURSING OFFICER'S SIGNATURE (703) 697-8777  _____	
<b>FOR FINANCIAL MANAGEMENT SERVICE USE</b>			
FMS CONTROL NUMBER			TAPE TYPE

TFS FORM 3510 6-86 EDITION OF 5-86 MAY BE USED

FINANCIAL MANAGEMENT SERVICE

**Figure 9-2. Sample TFS Form 3510, Magnetic Tape Control Record  
(Multiple DSSNs and Transmittals)**

Page <u>1</u> of <u>1</u>		MAGNETIC TAPE CONTROL RECORD				
DSSN	DATE CREATED	FIRST CHECK NUMBER	ENDING CHECK NUMBER	TRANSMITTAL AMOUNT	NUMBER OF CHECKS	ACCT YEAR MONTH
5090	XX347	01193100	01193144	37843.38	45	12XX
5090	XX347	01200888	01200897	313800.00	10	12XX
5090	XX347	01273656	01276011	650964.00	2356	12XX
5714	XX347	01293266	01295716	817935.01	2451	12XX
5714	XX347	01337695	01342347	1622880.00	4653	12XX
6065	XX347	00145000	00145033	299779.45	34	12XX
6065	XX347	70001100	70001274	0.00	175	12XX
6917	XX347	01600866	01600881	174430.00	16	12XX
6969	XX347	00991000	00993320	903865.00	2321	12XX
6991	XX347	70832686	70837228	1443888.00	4543	12XX
7004	XX347	00101718	00101719	445.00	2	12XX
7696	XX347	00284399	00285699	394066.00	1301	12XX
7824	XX347	01215912	01218574	757827.04	2663	12XX
7972	XX347	00117005	00117375	104567.00	371	12XX
8363	XX347	40325162	40325619	20825623.44	458	12XX
***TOTAL***				28,347,913.32	21,399	

Figure 9-2. Sample Transmittal Listing (Continued)

**Figure 9-3. Sample SF 1179, Month End Check Issue Summary**

## CHAPTER 10

COLLECTIONS1001 TYPES OF COLLECTIONS

100101. Introduction. There are three types of collections: receipts, reimbursements, and refunds. Collection of a DD Form 2657 or SF 1219 receivable (such as losses of funds, dishonored checks, or other receivables not creditable to an appropriation or fund) is not one of the three types of collections because a formal collection voucher is not prepared.

100102. Receipts. Receipts are collections creditable to Treasury miscellaneous receipt accounts. Receipts are collected into the DO's accountability by use of a DD Form 1131, Cash Collection Voucher. Receipts are recognizable by the absence of a fiscal year/program year in the appropriation accounting classification. Occasionally, negative receipts occur. Since disbursements from a receipt account cannot be made, "adjusting out" an over-collection involves processing as a negative receipt.

100103. Reimbursements. Appropriation reimbursements are amounts earned and collected for property sold or services furnished to the public or to another U.S. Government agency. Reimbursements are recognizable by the presence of an accounts receivable sales code within the accounting classification. Reimbursements are shown as a positive amount on the DD Form 1131. If a reimbursement is over-collected and funds must be returned to the remitter, a negative reimbursement results. A negative reimbursement may be vouchered as a bracketed (negative) amount on a DD Form 1131 or as a positive amount on a disbursement voucher. An accounts receivable sales code shall be present within the accounting classification for either type voucher.

100104. Refunds. Refunds are a recoupment (collection) of payments made in error. The voucher accounting classification is precisely the same as that shown on the associated disbursement voucher. A refund may be a true collection and be collected into DO accountability (as a positive amount) by a DD Form 1131. A refund may also occur as a bracketed amount

(negative amount) on a disbursement voucher, being then considered as a reduction in disbursements (i.e., a negative disbursement) rather than a collection. On rare occasions a refund is complicated by the occurrence of negative refunds. (An example occurred when Braniff Airlines issued checks to a DO in exchange for the DO return of unused plane tickets. The checks were properly collected into the accounting system as a refund. The checks were subsequently dishonored because of Braniff bankruptcy, and were properly treated as a negative refund). Accordingly, the refund would be reversed in a negative refund situation. Refunds from collection vouchers are separately reported as refunds on the DD Form 2657. However, refunds occurring as a negative disbursement are not separately tracked as a collection on the DD Form 2657 (i.e., they are simply reported as a reduction of disbursements). On the DD Form 1329, Statement of Transactions and the SF 1219, there is no separate reporting of refunds; they are all included as net disbursements.

100105. Collection Transactions

A. General. A collection can be either a vouchered or unvouchered transaction that increases the DO's accountability. Each collection received by a DO shall be scheduled on the appropriate collection voucher form, verified, and recorded in the accounting records.

1. Voucher Supported Collection. A voucher supported collection effects a credit to a receipt or deposit fund account or to an appropriation, and involves either: direct receipts such as cash, checks, drafts, and money orders; deductions on payment vouchers to cover an indebtedness due the U.S. Government; other deductions on payment of vouchers such as deductions for purchase of savings bonds and Federal taxes; or, a transfer between appropriations or funds or corrections of charges against and credits to them using an SF 1080, Voucher for Transfer Between Appropriations and/or Funds or an SF 1081, Voucher and Schedule of Withdrawals and Credits. Voucher supported collections can also be effected through Treas-



ury's On-Line Payment and Collection (OPAC) System. See chapter 24 of this Volume for detailed information regarding the OPAC system. In some instances such as collections from dining facilities, only one collection voucher number is assigned for the entire accounting period (month) and the formal collection voucher is prepared as of the last business day of the month. Daily receipts of this nature are recorded on the DD Form 2657 as Other Transactions (Line 2.3) and U.S. Currency/Coinage on Hand (Line 6.2A). At the end of the accounting period when the formal DD Form 1131 is processed, the accumulated collections are removed from Line 2.3 and included on Line 4.1E as Reimbursements.

2. Unvouchered Collection. An unvouchered collection occurs when the DO receives cash (or negotiable instruments) from an individual or organization that is not credited to an appropriation or fund, and therefore not supported by a formal collection voucher. Examples of unvouchered collections include collections for: dishonored checks cashed; losses of funds; some check issue overdraft discrepancies; and, agent returns. These transactions are documented for record purposes by use of an OF 1017-G.

★ B. Vouchering. To expedite the flow of funds to the Government, collections (checks, money orders, etc.) shall be separated from accompanying accounting documents at the initial stage of processing and deposited as prescribed in paragraph ? of this Volume. If identification of the appropriation account to be credited cannot be made, the collecting office shall prepare a DD Form 1131 for credit to \*\*F3875, Budget Clearing Account (Suspense), and deposit the remittances. When the proper accounting classification has been identified, the collecting office shall prepare an SF 1081 charging \*\*F3875 and crediting the proper appropriation or fund. No check shall be issued for this transfer.

★ C. Remittance by Mail. DOs shall establish procedures to control the receipt and processing of checks and other negotiable instruments received in the mail. At a minimum, a person from outside the disbursing office shall be designated to receive all mailed remittances. The individual designated to perform this func-

tion shall not be the same individual maintaining accounts receivable records. DD Form 2658, Returned and Undeliverable Check/Bond Record, may be used as the control record and a record of the transmittal of the instruments between functional areas.

D. Collections by Remote Cashiers. Collections made by remote cashiers shall be acknowledged only after receipt by the DO of the actual monetary amount.

#### 100106. Method of Remittance

A. Monies Received as Contract Bid Deposits or Deposits for Plans. For these types of transactions, the Federal Acquisition Regulation (FAR) (reference (y)), prescribes acceptance of cash; certificates of deposit; other cash equivalents with a federally insured financial institution; state warrants of the sovereign States of the United States; or irrevocable letters of credit (ILC) issued by a federally insured financial institution in the name of the contracting agency and which identify the agency and solicitation or contract number for which the ILC is provided.

B. All Other Indebtedness. Collections representing all other indebtedness may be accepted in cash, check, or any other recognized form of credit instrument payable on demand. For example: personal or corporate checks (certified or uncertified) or bank drafts; Treasury checks with issue date of less than 1 year old; travelers checks; postal money orders; money orders issued by banks or other financial establishments; and, credit union share drafts. Warrants may be accepted in lieu of checks provided the warrants are payable on demand. Instruments shall be drawn in favor of DOs in their official capacity (not by name). Visa and MasterCard credit cards may be accepted when presented for payment at locations participating in the credit card collection network (CCCN).

C. Commissary Sales Collections. Commanders may authorize commissary officers to accept Treasury checks from authorized patrons in payment for sales when available banks and other facilities are unable to furnish adequate check-cashing service. Commanders shall not authorize or require DOs or their agents to advance additional change funds to commissary officers for the purpose of cashing

Treasury checks received by the commissary. Moneys generated from sales shall be used for this purpose. See Title 31, United States Code, section 3302 (reference (o)).

100107. Performance and Bid Bonds (Storage and Safekeeping)

A. Negotiable Instruments. When the DO receives remittances (such as checks, bank drafts, and money orders) as deposits for performance or bid bonds, such remittance shall be deposited immediately in deposit fund account \*\*X6875, Suspense, to be held pending settlement with the contractor.

B. United States Bonds or Notes Deposited in Lieu of a Surety. As authorized by the FAR (reference (y)) and Treasury Circular No. 154 (reference (am)), contractors may deposit, with the contracting officer, certain U.S. bonds or notes instead of furnishing corporate individual sureties on performance and payment bonds. DOs should not accept possession of these bonds or notes (whether electronic or hardcopy) for other than temporary safekeeping, such as overnight or over a weekend. The DO may provide space in the safe or vault for temporary safekeeping by placing the notes or bonds and related documentation in a sealed package indicating custodianship. Provide the contracting officer a receipt for the package. Transfer of the bonds or notes to the FRB is the responsibility of the contracting officer. See reference (am) for procedures.

100108. Method of Drawing Negotiable Instruments

A. For Deposit to the Credit of the U.S. Treasury. To facilitate Treasury identification of the depositing organization (many endorsements are illegible because of light ink, smears, over stamping, etc.), DOs, deputies, agents, and cashiers shall require remitter to make checks and other negotiable instruments payable to the accepting organization, rather than to the Treasury. Examples of such inscriptions are: Disbursing Officer, Lowry AFB CO 80230-5000; or, Lowry AFB Commissary, DSSN 5040; or, Disbursing Officer, APO AE 09123. The above are the preferred methods of inscription. Checks received bearing inscription to the Treasury should not be returned for reaccomplish-

ment. Similarly, checks made payable to the DO or agent by proper name, or the absence of a ZIP code, does not render an instrument unacceptable. Modify the examples to fit the situation. For example, substitute "A&D Agent" for "Disbursing Officer" if appropriate. Display inscription instructions in strategic locations at cashier cages, commissaries, and other locations where instruments are received. Instruments drawn payable to remitter are acceptable as inscribed, providing the remitter properly endorses them for credit to the U.S. Treasury. Deposit the above negotiable instruments in any FRB or branch or an established and approved general depository to the credit of the U.S. Treasury.

B. For Deposit in Limited Depository. Limited depository accounts (LDAs) are maintained in the name of the DO or agent. Inscriptions should be required similar to the third example in paragraph 100108.A above. Instruct the remitter not to inscribe instruments payable to the DO or agent by name. Endorsed instruments should be to the credit of the DO or agent (by position).

100109. Endorsements on Negotiable Instruments. Detailed requirements for placing endorsements on negotiable instruments are contained in chapter 05 of this Volume.

1002 ISSUANCE OF RECEIPTS FOR COLLECTIONS

100201. Turning in Funds to DOs

A. Indirect Collections. Individuals (other than DOs, deputies, agents, or cashiers) who receive funds belonging to the United States (including those funds which are to be held in trust) will promptly turn over such funds to their servicing DO or deposit the funds in an authorized general depository. Examples of such individuals are commissary officers, sales officers, property disposal officers, personnel officers, and other officers authorized to receive funds due the United States. These persons are solely responsible for safekeeping of funds in their possession until the funds are deposited or turned over to the DO. The collecting officer shall number documents in sequence by fiscal year. Two copies of each collection voucher (other than the original) signed by the DO, deputy, or agent who receives the funds shall be

returned to the collecting officer. Distribute additional copies as required.

B. Direct Collections. When a DO, deputy, agent, or cashier receives a collection directly from the remitter, he or she shall prepare a receipt for the amount collected. The number of copies of the receipt provided to the remitter shall be determined by the servicing DFAS Center. Receipts for payment of bills received by mail in the disbursing office shall not be issued unless requested by the remitter. Where the DD Form 1131 is not prepared, use the DD Form 634, Receipt for Miscellaneous Collections if a receipt is required. Furnish receipts only for amounts received and verified by actual count. Do not issue receipts "subject to verification" or give or take receipts "in blank."

C. Receipt Acknowledgement. At those locations where a mechanized system is operational, cashiers are authorized to sign receipts in their own name; otherwise DOs, deputies, or agents shall sign receipts for remittances. Signatures are not required when collection vouchers are validated by a cash control machine. Before signing, the cashier or collecting official shall ensure the remittances are authorized collections in the correct amounts. In no instance shall the person accepting the remittance also be responsible for updating the accounts receivable record.

100202. Preparation and Distribution of DD Form 634. DD Form 634 can be used as a receipt document when it is inappropriate to use DD Form 1131 or other type of receipt document.

A. Preparation. DD Form 634 shall be prepared in as many copies as necessary. When preparing the form, DOs shall enter, immediately following the name and SSN of the individual from whom the collection was made, the current duty station of the individual. Where a collection is being effected for more than one item of indebtedness, overpayment, or under-deduction, a separate DD Form 634 shall be issued for each item in the amount of the particular item. The type of collection, such as Overpayment, or Government Property Lost or Damaged (GPLD), shall be entered in the Type of Collection block in the upper right corner. When a collection voucher number is entered on DD Form 634, as in the case of copies sent to

other fiscal installations, the number shall be the same collection voucher number assigned to the DD Form 1131 on which the DD Form 634 is scheduled. Figure 10-1 shows a properly completed DD Form 634.

#### B. Distribution

1. Original. Provide the original to remitter.
2. First copy. The first copy shall be kept in the disbursing office's files.
3. Other copies. Distribute other copies as required.

100203. Collections by Deductions from Vouchers. Give receipts for collections made by deductions from vouchers if requested by the payees or if notices of collection are to be furnished other divisions or activities. Use DD Forms 634 but do not consider them as subvouchers.

#### 100204. Collections by Agent Officers

A. Collections Received by Agents. Agents receipt for funds as agents of their appointing DO.

B. Proceeds of Sales Received by Agents. When funds are deposited with agents, the agents complete receipts on the original and three copies of the DD Form 1131 as agents of their principal DO, and submit the original and two signed copies of the DD Form 1131, together with supporting documents, with their financial reports to the principal DO. The format for the receipt is shown below. Return one signed copy to the appropriate collecting official as receipt for the funds.

Richard Roe, Lt Col, (Component)

By: \_\_\_\_\_  
(Name and Type of Agent).

#### 1003 RECORDING AND CONTROLLING COLLECTIONS

100301. Pending Payment File. Unless otherwise directed by the servicing DFAS Center, the pending payment file shall be maintained by the applicable functional area using the triplicate copies of uncollected billing documents. The

original and duplicate copy shall be sent to the subscriber. The files shall be arranged in the order most convenient to the individual maintaining the file. The file shall be reconciled to the accounts receivable subsidiary ledgers at least quarterly.

#### 100302. Collection of Accounts Receivable

A. Payment of Bills. When payment is presented to the cashier, a copy of the bill shall be annotated as PAID with date of payment and initials of the cashier. If the original of the bill is presented to the cashier, it shall be stamped or noted PAID with date of payment and initials of the cashier and returned to the remitter. When a receipt is requested, procedures prescribed in paragraph 100202.A above for preparing DD Form 634 shall be followed. Cashiers shall accumulate the receipts until the end of each business day and prepare a covering DD Form 1131. Paid copies of bills shall be attached to the DD Form 1131 and sent to the applicable functional area on a daily basis to record the voucher. When mechanized billings are prepared, the responsible functional area should prepare the DD Form 1131 (cash payments) or SF 1080 (payroll deductions) as part of the automated collection posting process.

B. Clearance of Component Bills. Individuals being transferred from the Component shall notify the DO to ensure that all unpaid telephone bills, utilities, etc., have been settled. Any pending bills shall be the responsibility of the responsible functional area. Adjustment, if required, shall be made by the functional area on a new bill. The old bill shall be marked VOID, attached to the paid copy of the new bill, and the clearance form shall be appropriately completed.

#### 100303. Collections for Other Agencies

A. Identifiable Collections. Upon receipt of an identifiable collection applicable to an account maintained by another fiscal station, a receipt shall be issued, if requested or required, and the transaction processed as a transaction for others (TFO). The DD Form 1131 shall indicate the complete identity of the remitter, account, fiscal station, and appropriate fiscal data.

B. Unidentifiable Collections. When a collection is made for another fiscal station and the reimbursement or collection accounting classification cannot be immediately determined, such collection shall not be processed as a TFO. In such cases, the DO shall deposit the collection into deposit fund account \*\*F3875. When the correct accounting classification is determined, the DO shall prepare and process an SF 1080 (TFO) to clear the suspense account. The voucher must be supported by complete collection data and must be in the amount of the collection and chargeable to the deposit fund account \*\*F3875. No check shall be issued in payment of the voucher.

★100304. Overages. Whenever an overage occurs in the DO's account, do not credit the amount immediately to Treasury receipt account Forfeiture of Unclaimed Money and Property, \*\*R1060. Instead, process the overage as a collection for credit to deposit fund account \*\*X6875 no later than the business day after the overage occurs. Voucher any overages which occur on the as-of-date of the SF 1219 on the same date the overage occurs. Make a careful review to determine the source of the overage, with particular regard to collections and returns from agents. To the extent reasons for overages are explained and there is reasonable assurance that no claim will be made against such funds, credit may be made directly to \*\*R1060.

100305. Collection Voucher Control Log. The DD Form 2659, Voucher Control Log shall be maintained daily for each collection voucher received or prepared in the disbursing office. The DO shall determine the functional areas and assign an individual or individuals the responsibility for maintaining the DD Form 2659. The DO should require DD Form 2659 to be prepared daily by each functional area and/or branch disbursing office when these areas or offices are assigned a separate series of voucher numbers. The log shall contain: the collection voucher number; identification of the remitter (individual's name or organization making the remittance); amount; and form of remittance (cash, check, EFT, etc.). An example of DD Form 2659 is provided as figure 10-2.

100306. Collections Overpaid or Underpaid by \$10 or Less. If a remitter overpays the amount due by \$10 or less, collect the overpayment into

receipt account \*\*1099, Fines, Penalties, and Forfeitures. Do not refund to the remitter unless a refund is specifically requested by the remitter. Similarly, if the amount due from a payee is underpaid by \$10 or less, do not try to collect the underpayment. In this instance, the DO shall prepare an SF 1080 to charge the DoD Component Operations and Maintenance (O&M) account and credit the applicable appropriation (or receivable) for the amount of the underpayment.

100307. Collections Made at Agencies Not Having a Disbursing Office. When collections are by other agencies not co-located with or supported by a disbursing office, the following procedures shall be used.

A. Collection Control Log. A control log shall be used to control the collections from the time they are received until such time as they are transmitted to the disbursing office. At a minimum, the control log will show the: date the collection was received; remitter; check or money order number; collection voucher number; amount of collection; and date transmitted to the disbursing office.

B. Collection Voucher. The collection voucher shall be prepared the same day the collection is received by the Component.

C. Safeguarding the Collection. The collection and supporting documents shall be safeguarded consistent with standard security regulations prescribed in chapter 03 of this Volume.

#### 1004 DOCUMENTING AND PROCESSING OF COLLECTIONS

##### 100401. Verification of Funds Received

A. Verification. Applicable functional areas have complete responsibility for assuring that collections are proper, that vouchers have complete and accurate data, and that the right number of voucher copies are prepared. When the disbursing office detects a voucher was improperly prepared, the voucher shall be returned to the functional area for correction.

B. Funds Deposited by Collecting Officers. Where funds have been deposited directly to a general depository by the collecting

officer, the collection shall be processed in the DO's account upon receipt of the collection voucher (or receipts for collection). Verification of receipt of the funds with related collection vouchers shall be accomplished from a copy of the SF 215. If the confirmed copy of the SF 215 has not been provided by the depositor (collecting officer), the collecting officer shall be notified to furnish the confirmed copy of the SF 215 upon receipt.

C. Purpose of Collection. The purpose of a collection may be included on the collection voucher or attached to it. The purpose of a collection may be a contract lease, applicable regulation, schedule, cost list, or any other document which authorizes the collection. Where a sales contract is involved, the reference information shall include a citation to the contract. Any collection received by a DO, for which the purpose cannot be determined, shall be accepted and accounted for in the deposit fund account \*\*F3875 or \*\*X6875, as appropriate. Deposits in these accounts shall not be any held longer than necessary. The account shall be reviewed at frequent intervals, not less frequently than every 3 months, to determine whether proper disposition of funds can be made. During the closing month of the fiscal year, efforts shall be made to clear balances in these accounts.

D. Signatures. Signatures and other handwritten information becoming an integral part of original vouchers shall be written in permanent, non-erasable ink.

100402. Vouchers for Collections by Other than Disbursing and Agent Officers. Collections received by sales and other collecting officials shall be accounted for on the proper forms.

A. DD Form 707, Report of Deposit. Commissary officials shall prepare and submit the DD Form 707 to the DO under whose DSSN deposits are made. For example, if the commissary deposits daily sales receipts to the credit of the DO, DFAS Columbus Center, the DD Form 707 shall be prepared and submitted to the DO, DFAS Columbus Center for each day's deposit(s). See figure 10-3.

B. DD Form 1131, Cash Collection Voucher. These forms are submitted when the governing directives do not prescribe specific

collection vouchers. They may serve as cover vouchers for other receipt forms.

100403. Preparation of Documents Used to Transmit Funds

A. Responsibility. Preparation of the forms listed in paragraph 100402 above is the responsibility of the officer depositing or transmitting the funds to the disbursing office. Except for collections arising from over-the-counter sales (for example, commissaries), each collection document shall contain the name of the remitter, the specific authority for the collection, and sufficient information for the DO to identify the collection and determine that it is the correct amount. It is also the responsibility of the officer preparing the form to furnish the complete accounting classification as prescribed, fiscal code, including the DSSN of the station maintaining the appropriation cited, and the country code if the collection is made in an overseas area.

B. Preparation and Distribution. At a minimum, each collection voucher shall be prepared in duplicate. Additional copies will be prepared and provided as required.

100404. Collection Documents Prepared in the Disbursing and Agent Offices

A. SF 1098, Schedule of Canceled or Undelivered Checks. The SF 1098 collects the proceeds of an available canceled Treasury check.

B. DD Form 1131, Cash Collection Voucher. Use this form to schedule receipts of cash collections when other forms are not prescribed. The DD Form 1131 also serves as a cover voucher for supporting receipts (DD Forms 634).

C. DD Form 634, Receipt for Miscellaneous Collections. The DD Form 634 may be issued as a receipt for those cash collections received directly by the DO. This form is not a collection voucher even in those specifically authorized instances when it is used to transmit collections to a DO. The DD Form 634 shall be used as the source of information for scheduling the cash collection on DD Form 1131.

D. SF 1096, Schedule of Voucher Deductions. The SF 1096 is used as a collection voucher for off-setting deductions on related disbursement vouchers.

E. SF 1080, Voucher for Transfer Between Appropriations and/or Funds. The SF 1080 transfers amounts between appropriations and/or funds.

F. SF 1081, Voucher and Schedule of Withdrawals and Credits. Similar to SF 1080, this form also transfers amounts between appropriations or funds and can be used for corrections of charges and credits.

G. DD Form 139, Pay Adjustment Authorization. The DD Form 139 is used to collect by salary offset.

100405. Numbering Collection Vouchers. Collection voucher numbers shall be assigned consecutively starting at the beginning of each fiscal year. Voucher numbers assigned to collection vouchers shall be identified with the disbursing office and not the disbursing officer. The servicing DFAS Center or FIPC to whom financial reports are submitted will provide the DO with instructions for numbering vouchers.

100406. Preparation and Distribution of DD Form 1131. The blocks of the DD Form 1131 shall be completed as prescribed in this paragraph. See figure 10-4.

A. Disbursing Office Collection Voucher Number. The applicable functional area shall enter the voucher number in this block.

B. Receiving Office Collection Voucher Number. Use of this block is optional. If the receiving official controls collections by locally assigned number, the receiving official shall enter the number in this block.

C. Receiving Office

1. Activity. When collections are made by other than the disbursing office cashier, the receiving official shall enter the name and location of such activity. Leave blank when collections are made by the disbursing office cashier.

2. Received and Forwarded By.

Enter the printed name, title, and signature of the designated receiving official. If a debtor turns in the remittance to the DO or cashier personally and the Receiving Office block is completed for reference, no signature is required. Normally, this block is left blank when collections are made by the disbursing office cashier.

D. Date. Enter date of the last collection shown on the DD Form 1131 or the date the DD Form 1131 is prepared by the collection official.

E. Disbursing Office. Enter the name and location of the disbursing activity and the printed name, title, and signature of DO, in the applicable blocks. Signature is not required when the DD Form 1131 is validated by a cash control machine.

F. Disbursing Station Symbol Number. Enter the four-digit DSSN.

G. Date Received Subject to Collection. This is the primary voucher date assigned by the functional area. It is the DO or agent accountability date.

H. Period: From -- To. Enter the specific period encompassing collections reported on the form. For example: the date of the first collection on the voucher is the "From" date; the date of the last collection on the voucher is the "To" date. If all collections on the voucher are applicable to a specifically designated period, such as an accounting month, enter inclusive dates (1 Mar XX to 31 Mar XX, for example). If all collections are made on a single date or no specifically designated period is applicable, leave the "From -- To" blocks blank. Dates may be entered by the receiving official or disbursing office, as applicable.

I. Date Received. Enter the date cash (or negotiable instruments) is received from a remitter, or other date of incident (for example, date money found on base). If the DD Form 1131 is being used as a cover voucher and not all collections were made on the same day, enter "various."

J. Name of Remitter/Description of Remittance. Enter the name of the individual

remitter or company. Except for collections from over-the-counter sales (i.e., commissaries) and locally billed items (telephone service, housing, etc.), show each remitter's name and SSN if collection is received from a military member or civilian employee. If a name is not applicable (for example, money found on base), enter a description of the remittance. If the DD Form 1131 is being used as a cover voucher, enter "See Attached" and attach a copy of each DD Form 634 to the original and duplicate of the DD Form 1131.

K. Detailed Description of Purpose for Which Collections Were Received. Enter the purpose for collection. If information entered in the name of remitter and description of remittance block satisfactorily describes the purpose of the collection, leave blank.

L. Amount. Enter the individual amounts collected from each remitter or each incident by accounting classification. When the DD Form 1131 is used as a cover voucher, enter overall totals by accounting classification.

M. Accounting Classification. Enter the complete accounting classification for the amount of each collection. If the DD Form 1131 is being used as a cover voucher, enter the accounting classification for each amount included.

N. Distribution. The original DD Form 1131 shall be forwarded as directed in paragraph 100409 below. Provide a duplicate to the remitter and retain a copy for the disbursing office. Extra copies shall be prepared as required.

100407. SF 1096, Schedule of Voucher Deductions. Schedule collections deducted from disbursement vouchers on SFs 1096 except when the disbursement voucher is used for both disbursement and collection. Examples of exceptions are: civilian payroll deductions; civilian indebtedness to hospitals; no check drawn SFs 1080; SFs 1081; and, military payroll deductions. Functional areas assign collection voucher numbers for voucher deductions and process the SFs 1096. The functional areas also enter the voucher numbers assigned to the SFs 1096 on the related disbursement vouchers. Also, they include voucher deductions shown on voucher copies



received from other functional areas on the SFs 1096 of the receiving functional areas. In all cases, copies of vouchers or properly supported notifications shall be forwarded to the functional areas accountable for the collections.

100408. Legibility of Carbon Copies. DOs shall take extra precaution to ensure that all carbon copies of vouchers prepared for distribution are completely legible.

100409. Routing Original Collection Vouchers. The disbursing division of each disbursing office shall route the original collection vouchers to the servicing DFAS Center as prescribed in chapter 20 of this Volume.

100410. Signature on Collection Vouchers. DOs, deputies, or agent officers shall sign the original collection vouchers. Signing shall not be delegated or reassigned. Officers using cash control machines or mechanized equipment to validate vouchers are exempted from the signatory requirements of this paragraph (except when DD Form 1131 is being processed for further action by a disbursing office not co-located with the processing disbursing office) provided the machines, and control thereof, meet minimum security and audit requirements. Keys for cash control machines shall at all times remain under the control and security of the DO or a deputy. The DO shall maintain controls to ensure that all funds received by the cashier are properly accounted for. Copies of the vouchers bearing initials of the cashier shall be held in the custody of the DO or the deputy. In making daily settlement with the cashier at the end of the business day, these voucher copies shall be used to determine whether or not the amount of the collection reported by the cashier was proper. The receiving officer's signature is required, where applicable as prescribed in paragraph 100406.C above. Transfer, cancellation, or adjustment vouchers (SFs 1081, 1096, 1098, etc.) may be signed by personnel appointed in writing by the DO. When the same voucher is used as both a disbursement and collection voucher, the disbursement is considered the original and subject to the signature requirements above. The collection side (or portion) is not considered an original voucher and does not require a signature.

## 1005 UNVOUCHERED COLLECTIONS

100501. Accountability of Unvouchered Collections. DO's may record unvouchered collections on the DD Form 2657 as an increase to line 4.2a (or 6.2a) but not as an increase to line 4.1b, 4.1d, or 4.1e. The corresponding entry on the DD Form 2657 is normally a decrease to lines 6.5, 7.2a, 7.2b, 7.3, 7.4, 9.2a, 9.2b or 9.3. These transactions are documented for record purposes on OF 1017-G.



<b>RECEIPT FOR MISCELLANEOUS COLLECTIONS</b>		TYPE OF COLLECTION Overpayment	
DATE Nov. 2, 19XX	AMOUNT RECEIVED \$ 15.25	INSTALLATION Fort Knight, MD	
<input checked="" type="checkbox"/> RECEIVED IN CASH OF  <input type="checkbox"/> COLLECTED ON VOUCHER NO.		NAME, SERVICE NUMBER/SOCIAL SECURITY ACCOUNT NUMBER, ORGANIZATION AND INSTALLATION John A. Doe, SFC, 123-45-6789 Co D, 2d Bn, Ft. Knight, MD	
WRITE AMOUNT OUT Fifteen ----- DOLLARS AND twenty five ----- CENTS.			
ON ACCOUNT OF Collection for overpayment made on Vou. # 123456 dated 10/23/XX, accounts of C.S. Jeffery, LTC, FC, DSSN 0923			
APPROPRIATION AND ALLOTMENT 21XXXXXX XX-XXX PXXXX-XX SXX-XXX			
I CERTIFY THAT I HAVE REC'D THE ABOVE AMOUNT, WHICH SUM I HAVE PASSED TO THE CREDIT OF THE U.S. AND HOLD MYSELF ACCOUNTABLE THEREFOR.			
TYPED NAME, GRADE, TITLE AND DISBURSING SYMBOL NO. OF FINANCE OFFICER C. S. JEFFERY, LTC, FC, DSSN 0923		SIGNATURE OF FINANCE OFFICER	

DD Form 634, APR 52

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Figure 10-1. Sample DD Form 634, Receipt for Miscellaneous Collections

DD Form 2659, AUG 93

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REPORT OF DEPOSITS		PERIOD COVERED	
		FROM	TO
		1 Aug 19XX	12 Aug 19XX
INSTALLATION Ft. Finance, IN		NAME AND DESIGNATION OF INDIVIDUAL DEPOSITING FUNDS C. D. Jennifer, CPT, QMC	
SECTIONS AND SUBSECTIONS	FUNDS DEPOSITED TODAY	ACCUMULATED FROM LAST REPORT	CUMULATIVE TOTAL
Subsistence Section:			
Subsistence	200.00	0.00	200.00
Meat Market	200.00	0.00	200.00
Surcharge	55.00	0.00	55.00
<b>TOTAL</b>	455.00	0.00	455.00
APPROPRIATIONS TO BE CREDITED		RECEIVED FROM	
APPROPRIATION	AMOUNT	C.D. Jennifer, CPT, QMC	
21X2010 x-C-xxx Pxxxx-xx Sxx-xxxx	400.00	IN CASH AND/OR CHECKS, \$ <u>455.00</u> WHICH, TOGETHER WITH PROCUREMENT, ALLOTMENT OR APPROPRIATE CREDITS FOR SUMS PREVIOUSLY RECEIPTED FOR AS SHOWN HERE- ON WILL APPEAR ON MY ACCOUNT FOR MONTH OF <u>August, 19XX</u> VOUCHER NO. <u>123</u>	
21Xxxxx xx-C-Sxx-xxx	55.00		
<b>TOTAL</b>	455.00		
		DATE	SIGNATURE OF FINANCE OFFICER
		12 Aug 19XX	
DATE 12 Aug 19XX	SIGNATURE OF DEPOSITOR		VOUCHER NUMBER Aug 32-A

DD Form 707, MAR 53

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Figure 10-3. Sample DD Form 707, Report of Deposits

CASH COLLECTION VOUCHER		DISBURSING OFFICE COLLECTION VOUCHER NO. CS-25		
		RECEIVING OFFICE COLLECTION VOUCHER NO.		
R E C E I V I N G	ACTIVITY (Name and location) (Include ZIP Code)			
	HQ, COANG, BUCKLEY ANG BASE, AURORA, CO 00011			
D I S B U R S I N G	RECEIVED AND FORWARDED BY (Printed name, title and signature)		DATE	
	PAUL H. DEDERICK, MAJOR COANG FINANCIAL MANAGER		22 Dec 19XX	
D I S B U R S I N G	ACTIVITY (Name and location) (Include ZIP Code)			
	DISBURSING OFFICE, LAFB, CO 80230			
	DISBURSING OFFICER (Printed name, title and signature)		DISBURSING STATION SYMBOL NO.	DATE RECEIVED SUBJECT TO COLLECTION
DAVID W. BALL, CAPT, USAF DISBURSING OFFICER		5040	23 Dec 19XX	
PERIOD: FROM TO				
DATE REC'D	NAME OF REMITTER DESCRIPTION OF REMITTANCE	DETAILED DESCRIPTION OF PURPOSE FOR WHICH COLLECTIONS WERE RECEIVED	AMOUNT	ACCOUNTING CLASSIFICATION
22 DEC	COLUMBINE COUNCIL OF ACT INC CHECK #242 DATED 20 Dec 19XX IN PAYMENT OF ACT 8, 9, 10, & 12		12.00	5793840 559-41B4 59296G P448.02 480.27 C98 S410601
			10.20	5793840 559 41B4 59296G P448.02 480.37 C98 S410601
			14.70	5793840 559-41B4 59296G P448.08 492.07 C98 S410601
			11.68	5793840 559-41B4 59296G P448.08 495.07 C98 S410601
TOTAL			48.58	

DD Form 1131, APR 57

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REPLACES EDITION OF 1 APR 56 WHICH IS OBSOLETE.

Form approved by Comptroller General, U.S.  
24 January 1956

Figure 10-4. Sample DD Form 1131, Cash Collection Voucher

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## CHAPTER 11

DISBURSEMENTS1101 INTRODUCTION

110101. Description of a Disbursement. In most instances, a disbursement is a payment to an individual or organization for goods furnished or services rendered. In some cases, a disbursement is made solely to transfer funds from one appropriation or fund to another. This is a disbursement made by voucher deduction or by "no check drawn" transactions involving SFs 1080 or 1081 and does not involve payment by check or cash. Disbursements may also be made under Treasury's On-Line Payment and Collection (OPAC) System. See chapter 24 of this Volume for detailed information regarding the OPAC system. A disbursement voucher may also be a combination of a payment and a collection by voucher deduction; for example, a civilian payroll voucher where deductions for Federal tax, U.S. savings bonds, and civil service retirement are credited to the appropriate accounts and the net pay is disbursed to the payee. All disbursements must be supported by one of the types of formal disbursement vouchers. Occasionally, disbursements are made on formal vouchers, but are not immediately charged to an appropriation or fund. These payments are referred to as deferred charges - vouchered items. A negative disbursement is, by definition, a refund. Disbursements of Foreign Military Sales funds require the request and receipt of expenditure authority prior to making a disbursement. Consult chapter 4, Volume 15 of this Regulation for specific guidance.

110102. Disbursement Vouchers - General

★ A. Authority. The disbursement voucher is the authority for DOs to make payments of Government obligations and are the source documents for liquidation of obligations. It is imperative that disbursement vouchers contain complete and accurate data and that only forms which are approved by the Comptroller General of the United States are used. Contents of disbursement vouchers and supporting documents may vary slightly depending on the type of disbursement and form used. Signatures and other information becoming an integral part of

original vouchers must be written in permanent, non-erasable ink. Handwritten information must be legible. Corrections to vouchers are lined out once in ink or by typewriter and are not obliterated. The correction is initialed by the person making the correction. Voucher corrections cannot be made by disbursing section personnel. Do not use white out ink or correction tape since these methods aren't permanent.

B. Essential Data. To be recognized as a valid transaction, all disbursement vouchers shall contain the minimum essential data shown in the following subparagraphs.

1. Voucher Heading and Date.

The voucher heading and date area includes the complete name and mailing address of the paying disbursing office, the date the voucher is prepared, the disbursing office voucher number, and the information required in the "Paid By" or "Brief" block.

2. Accounting Classification.

Each charge to an appropriation or fund shall be coded with a complete accounting classification and country code, when applicable. If the space available for the accounting classification data is insufficient, list the information on a continuation form. The type of payment or the servicing DFAS Center shall dictate acceptable continuation forms. Titles of appropriation or deposit fund accounts, either in full or abbreviated form, shall not be shown on disbursement vouchers. Entering extraneous information, such as voucher collection data, results in operational delays and may cause erroneous information to be entered in accounting records and reports. More than one appropriation or deposit fund account or more than one subsidiary account may be charged on the same disbursement voucher. Where two or more subsidiary accounts of the same appropriation are cited, they shall be grouped by appropriation. On foreign disbursements, show the amount of foreign currency and conversion rate to U.S. dollars for each accounting classification cited. Entries in accounting records are always in U. S. dollars.

3. Amount to be Disbursed. The total amount to be disbursed shall be shown on the disbursement voucher in conjunction with the related accounting classification. The amount shall not be changed or altered in any way.

★ 4. Method of Disbursement. In the space provided on the disbursement voucher, annotate whether the disbursement was made by EFT, Treasury check, cash, or as a no check/voucher for transfer.

5. Payee. The payee listed on each disbursement voucher shall be the individual or organization entitled to the proceeds of the payment.

C. Voucher Storage. Original paid vouchers shall be kept in a locked container in a secured area until forwarded to the servicing DFAS Center as a part of the financial reports.

## 1102 PROCESSING DISBURSEMENT VOUCHERS

110201. Numbering Disbursement Vouchers. Disbursement voucher numbers shall be assigned consecutively starting at the beginning of each fiscal year. Voucher numbers assigned to disbursement vouchers shall be identified with the disbursing office and not the disbursing officer. The servicing DFAS Center or FIPC to whom financial reports are submitted will provide the DO with instructions for numbering vouchers.

110202. Disbursement Voucher Control Log. The DD Form 2659, Voucher Control Log shall be maintained daily for each disbursement voucher received or prepared in the disbursing office. The DO shall determine the functional areas and assign an individual or individuals the responsibility for maintaining the DD Form 2659. The DO should require DD Form 2659 to be prepared daily by each functional area and/or branch disbursing office when these areas or offices are assigned a separate series of voucher numbers. The log shall contain: the disbursement voucher number; name of the payee; amount; and form of payment (cash, check, EFT, etc.). An example of DD Form 2659 is provided as figure 11-1.

★110203. Certification of Vouchers. The applicable functional areas have complete responsibility for assuring that payments are proper, that vouchers have complete and accurate data, that the right number of voucher copies are prepared, and that certifying officer signatures on vouchers prepared (and certified) outside of the disbursing office are authentic. Accordingly, the appropriate functional area shall maintain a file of approved DD Forms 577 for any certifying officers working outside the disbursing office. When the disbursing division detects a voucher was improperly prepared, the voucher shall be returned to the functional area for correction. The disbursing division has complete responsibility for authenticating certifying officer signatures on vouchers prepared within the disbursing office. The disbursing division verification is made against the list of personnel designated as disbursing office certifying officers by the DO. A request for payment of a voucher on behalf of another DoD Component disbursing office shall be accompanied by a copy of a certifying officer appointment letter or a DD Form 577. Unless such payments are recurring, these authorities need not be maintained on file in the disbursing division, but may be included as supporting documentation to the original voucher. DOs may, at their option, waive the above general rules and require that the disbursing division verify the authenticity of all certifying officer signatures on vouchers by comparing them to the disbursing office list of certifying officer signatures or DD Forms 577 from within or outside the disbursing office. Accordingly, the disbursing division would maintain the disbursing office file of all DD Forms 577 and disbursing office certifying officer appointment letters. An example of DD Form 577 is provided as figure 2-4.

110204. Identification of Payees. The accountable individual making cash or check payments shall positively identify each payee. If the payee is not known personally, the accountable individual making the payment shall examine an appropriate identification card which includes both the payee's picture and signature. A comparison of the payee's signature shall be made with that appearing on the identification card. For military personnel, the DD Form 2, Armed Forces Identification Card should be used. Other means of identification are a driver's license or other standard identification normally acceptable

in the business community for cashing checks or bonds. The responsibility for identification of the payee shall not be delegated.

110205. Cash Payment Vouchers. Responsible functional areas send or deliver these vouchers to the cashier area. Where the distance between functional area and cashier area makes this impractical, vouchers may be hand carried by the payee provided the total amount of the voucher is inscribed in words on the bottom of the voucher (for example, sixty dollars and twenty cents). Space words or enter lines in a manner to preclude alteration by insertion of additional words, particularly at beginning of writing (for example, altering by inserting one hundred immediately preceding sixty dollars and twenty cents).

A. Cashier Responsibilities. On payment vouchers, the cashier shall verify that the voucher deduction block, if used, contains an appropriation and that the total to be paid shows decrease of any deductions, if applicable. The cashiers shall initial the original voucher or use the cash control machine to identify the specific cashier who made the payment.

1. Payee Signature and Identification. The cashier must obtain the payee's signature in the space provided, or in the case of multiple payments, on the sub-voucher or supporting documentation. The payee must sign for receipt of cash using indelible ink. Facsimile signatures and signatures in pencil are unacceptable. When signatures of payees are on a sub-voucher or supporting documentation, annotate the "payee signature block" on the cover voucher with the words "See attached". Payments by cash shall not be made until positive identification of the payee has been established. The signature obtained on vouchers shall be compared to signatures on identification cards or other acceptable forms of identification. The form of the signature shall be the same as the name of the payee as shown on the voucher. However, in the signature, the first name shall be used with additional initials, if any, followed by the surname except as explained below.

a. Unable to Write. If unable to write, the payee may indicate receipt of payment by signing the mark "X". In such instances, the signing must be witnessed by a

disinterested party and the disinterested party's address must be given. If the payee is physically unable to write and asks someone to sign the payee's name in the payee's presence, such signature is regarded as a signing by the payee. A physician's certificate about the affliction should be filed with the original disbursement voucher. The signing of the payee's name by another person must be certified by a disinterested witness.

b. Mental Disability. A payee with a mental disability which precludes ability to comprehend a signature cannot be paid until a committee or guardian has been appointed. Certified copies of court papers appointing a guardian shall be filed with the original disbursement voucher. The guardian shall sign the name of the payee, followed by his or her own signature as guardian. Future payments shall make reference to the first disbursement voucher by disbursing officer voucher number and date paid. If the payee is in an asylum, the superintendent's certificate that the payee was alive at the time payment was due shall be filed with each disbursement voucher.

★ 2. Voucher Validation. The voucher is validated by completing the Paid By (or Brief) block with the paying office location, DSSN, and business date of payment. Use a typewriter or rubber stamp for this purpose. If the disbursing office has a classified address, do not show the geographical location. Examples of the Paid By block are shown in figure 11-2.

110206. Release of Cash. Cash payments must be picked up and the voucher signed by the individual who is entitled to the payment (the payee). The DO, deputy, accounting and disbursing agent, or disbursing agent may personally make cash payments to high ranking officers or civilian personnel or other personnel for whom waiting in line at a cashier's cage would be considered a discourtesy, awkward, or otherwise inappropriate. Otherwise, the DO or agent may appoint an aide, secretary, driver, etc., as a paying agent for purposes of making a cash payment to these payees. Refer to chapter 02 of this Volume for appointment of paying agents. The DD Form 1081 shall be used to document the transfer of cash to the paying agent. The appointed paying agent shall sign the DD Form 1081 to indicate receipt of the cash and voucher.



Upon return of the properly signed payment voucher to the disbursing division, the DD Form 1081 may be destroyed.

★110207. Check Disbursement Vouchers, Manual Voucher Processing. Responsible functional areas shall forward these vouchers to the check issuing area for preparation of the checks. The check issuing area shall enter the check number on the voucher in the space provided. Normally check numbers are not entered on duplicate copies of vouchers except for payroll and group travel vouchers. When payment is made by check and the disbursement is supported by an SF 1034, the instructions in the following subparagraphs apply.

A. Checks Drawn on the U.S. Treasury. For payments by check drawn on the U.S. Treasury, enter the check number in the block near the bottom of the form titled "Check Number on Account of U.S. Treasury."

B. Checks Drawn on LDAs. For payments by checks drawn on LDAs, enter the check number and the name of the limited depositary bank on which drawn in the block near the bottom of the form titled "Check Number On (Name of bank)". For "no check drawn" vouchers, so state.

★ C. Check Usage. Make checks payable to the payee stated on the disbursement voucher. Disbursement vouchers shall be numbered in numerical sequence with the lowest check used to pay the lowest numbered disbursement voucher or first name on a payroll. Maintaining the series of check numbers and the series of voucher numbers of the related vouchers in unbroken sequence will facilitate check issue auditing and reporting. Multiple payments to the same payee on the same day should be consolidated and paid by one check. Because many losses have been attributed to altering of payee names, addresses, and amounts on checks, the DO shall make certain that the inscribed checks duplicate the voucher information. At the DO's option, this review may be accomplished either before or after the checks are signed. The DO shall ensure appropriate check records that provide control over check writing are completed. Automated systems producing disbursement vouchers must contain edit and validation controls ensuring exact information

appearing on the vouchers is passed to the check printer.

D. Paid By. Complete the "Paid By" block as in prescribed in paragraph 110205.A.2 above.

★ E. Automated Disbursement Vouchers. The entry of a check number on automated disbursement vouchers is not required as long as the voucher processing system is carefully structured and monitored to ensure complete audit trails are maintained between disbursement vouchers and hard copy records.

110208. Disbursements Overpaid or Underpaid by \$10 or Less. If a disbursement to a payee is overpaid by \$10 or less, do not try to collect the overpayment. In this instance, the DO shall prepare an SF 1080 to charge the DoD Component Operations and Maintenance (O&M) account and credit the appropriation charged when the payment was made. Similarly, if a disbursement to a payee is underpaid by \$10 or less, do not issue a supplemental payment unless specifically requested by the payee.

110209. Transmittal of Vouchers and Recording. Deputies, agents, and cashiers shall include payment vouchers on the DD Form 2665, Daily Agent Accountability Summary as prescribed in chapter 19 of this Volume. At the end of each business day, deputies, agents, and cashiers settle with their DOs or agents, who forward the original vouchers and report copies to the accountability area. If a mid-day return of cash on hand or an additional advance of funds is required, these transactions shall be accomplished using DD Form 1081. Functional areas forward transfer and correction vouchers and other disbursement vouchers not for payment by cashiers directly to the accountability area. Voucher copies are returned to the accountable functional area.

110210. Certification Restrictions. The supervisor of the disbursing division, even if he or she is also a deputy, should not routinely certify vouchers for payment. For convenience, however, the supervisor of the disbursing division may certify cover vouchers supported with proper, certified sub-vouchers. In those cases, the approving official of the supporting documentation must be other than the cover voucher certifier.

If an emergency exists and the deputy who is also supervisor of the disbursing division must certify a voucher for payment not supported with certified sub-vouchers, the DO or another deputy shall date and sign somewhere on the voucher a statement similar to the following: "Payment approved by Lt John Doe, Disbursing Officer." To provide adequate internal control, the supervisor of the disbursing division or other disbursing division personnel should not have the opportunity to input data into the computerized accounting system.

110211. Documentation Supporting Delivery of Payments. Documentation which supports delivery of payments includes a copy of the payment voucher, annotated copies of invoices, or check-stub data with check or cash payments for delivery to payees as prescribed by functional area directives. For travel payments, documentation includes a copy of the travel claim. For vendor payments produced by standard automated accounts payable systems, check-stub data is normally sufficient for vendor accounts receivable posting. If the vendor reports check-stub data to be insufficient for posting needs, a copy of the payment voucher or an annotated invoice should be included with the payment as instructed by the responsible functional area.

★110212. Deferred Vouchers. A deferred voucher is any paid voucher that has not been recorded in the accounting system. The usual cause is a paid agent voucher that must be returned to the agent for correction. In addition, agent vouchers that have not yet been examined by the DO may be deferred until this review is completed. Responsible functional areas must take all required actions to clear deferred vouchers promptly. Maintain a chronological record of actions taken, showing for each voucher the date on which clearance is expected. DOs or their deputies shall review those actions each week to make sure that the irregularities causing deferment are corrected without delay. Refer to paragraph 190205.L for instructions on reporting deferred vouchers on the DD Form 2657 and the Daily Statement of Accountability.

110213. Classified Payments

A. General. When it is necessary for the DO to make payments which are classified, a covering disbursement voucher shall be pre-

pared as prescribed in this paragraph. Disbursement vouchers covering payments which are classified for security purposes shall not contain information which requires a security classification. The original and all copies of such disbursement vouchers shall contain only the: name and address of the payee; amount; date of payment; complete accounting data; voucher number; check number; DO's name; DSSN; and, disbursing office payment data in the "Paid By" (or brief) block. In the case of payment under classified contracts, the contracts should contain instructions requiring the supplier to limit information on invoices so that supplies or services may be identified only by reference to the contract. The DO (for collateral classified programs) or the voucher preparing office (for special access programs) shall allow access to classified documents only to those persons who require access for the performance of their official duties (refer to appropriate security regulations, if necessary). Personnel who process classified documents must possess a security clearance level equal to or higher than the documents they process. DOs or voucher preparing offices shall assign duties, such as the preparation of vouchers, so that a minimum number of persons require access to the classified information. Mark and store classified documents following prescribed security regulations.

B. Preparation. When essential supporting documents, invoices, or certificates are classified, they shall not be attached to the original disbursement voucher, but shall be identified by the name of the DO, voucher number, DSSN, and the period of the account. The supporting documents shall be retained at the paying disbursing office (for collateral classified programs) or the voucher preparing office (for special access programs) with other classified material. The original and all copies of the covering disbursement vouchers shall contain only the essential information described above. The portion of the voucher for the description of the articles or services purchased shall contain one of the following statements: (for collateral classified programs) "The documents necessary to support this voucher have been retained at the payment site with other classified material in accordance with (insert the applicable security regulation)."; (for special access programs) "The documents necessary to support this voucher have been retained at the voucher preparing

office with other classified material in accordance with (insert the applicable security regulation)."

C. Declassification. Refer to the appropriate security regulations for instructions on downgrading and declassifying, and for reporting classification abuses and improper classifications.

D. Distribution. The original and required copies of the covering disbursement voucher shall be distributed in the normal manner. However, as described above, the classified supporting documents shall not be attached.

110214. Payments from Contingency Funds. The DD Form 281, Voucher for Emergency or Extraordinary Expense Expenditures is used to make payments from contingency funds.

A. Preparation. The form itself shall be prepared so as not to require classification. Supporting documents are classified according to their content. Covering disbursement vouchers as described in the preceding paragraph are not prepared.

B. Transmittal of Vouchers and Recording. See paragraph 110209 above.

110215. Hand-Carrying Disbursement Vouchers

A. Vouchers Prepared Outside the Disbursing Office. Disbursement vouchers prepared outside the disbursing office shall be forwarded to the disbursing division so that the payee does not have access to the voucher.

B. Vouchers Prepared Within the Disbursing Office. The responsible functional area forwards or delivers these vouchers to the cashier area. Where distance between the functional area and cashier section makes this impractical, see paragraph 110205 above.

110216. Distribution of Paid Vouchers. The disbursing division of each disbursing office shall forward the original and appropriate number of copies of paid vouchers to the servicing DFAS Center as prescribed in chapter 20 of this Volume.

## 1103 DISBURSEMENTS FROM DEPOSIT FUND AND BUDGET CLEARING ACCOUNTS

### 110301. Disposition of Funds in Deposit Fund Accounts

A. Method of Disposition. Applicable functional areas shall dispose of collections received for deposit fund accounts by one of the methods shown in the following subparagraphs.

1. Payment to Other Individuals or Organizations. The disbursement shall be made on an SF 1034. See figure 11-3.

2. Refund to the Remitter. The disbursement shall be made on an SF 1049. See figure 11-4.

3. Withdrawal for Application to an Appropriation, Receipt Account, or Other Deposit Fund Account. The disbursement and collection shall be made on an SF 1081. Submit the original SF 1081 as the disbursement voucher and a copy as the collection voucher. No check or cash payment is made on the SF 1081. See figure 11-5.

B. Vouchering. Normally more than one deposit fund account is charged on a single disbursement voucher. However, voucher separately those charges to accounts \*\*F0109, Federal Tax Withheld from Payments to Non-resident Aliens, and \*\*X6875.XXXX, Withheld Individual Income and Federal Insurance Contribution Act Taxes.

C. Civilian Pay Deductions. In preparing SFs 1081 for adjustment of deductions from civilian pay, show deposit fund account symbols, and amounts for withheld taxes and savings bonds, on the same SF 1081 containing the necessary information.

D. Withdrawals Involving Foreign Currency. If it is necessary to repay foreign currency deposits at a U.S. dollar equivalent different from that at which deposited, see chapter 13 of this Volume.

110302. Budget Clearing Account \*\*F3875, Suspense

A. Disburse Funds. Upon determination of the proper disposition of funds in this account, the amount will normally be disbursed on an SF 1080. See figure 11-6

B. Disbursements Representing Funds Received for Other Government Agencies. The disbursement voucher shall be prepared to show the officer and agency to receive payment. A check payable to the Department of the Treasury and a copy of the disbursement voucher shall be forwarded to the official of the agency requesting collection, except as stated below.

1. Checks Made Payable to the United States Postal Service. The check and a copy of disbursement voucher shall be forwarded to the Third Assistant Postmaster, Division of Finance, U.S. Postal Service, Washington, DC 20260, if the collection is for credit to a U.S. Postal Service appropriation or receipt account citing departmental prefix "18."

2. Checks Made Payable to Other Government Agencies. If a collection was made for another Government agency and it is impracticable to send the amount to the official or agency, the check and a copy of the voucher shall be forwarded to the Department of Treasury, Chief Disbursing Officer, ATTN: Disbursing Operations Section, P.O. Box 37067, Washington, DC 20013. To facilitate handling, the check shall be accompanied by a: DD Form 1131; transmittal letter showing the source and reason for collection; and account symbol and title of the agency's funds for which the collection was made. Disbursements shall not be delayed and, when practicable, the check shall be forwarded on the same day that collection was made.

C. Deposits Representing Collections for Unofficial Telegraph and Telephone Service. Amounts representing Federal taxes for unofficial telegraph and telephone services shall be disbursed to the appropriate District Director, Internal Revenue Service.

★110303. Overages

A. Disbursement Action. If it is determined that an overage should not have

been accounted for as a collection, disburse the overage on an SF 1049 made payable to Adjustments. The SF 1049 shall be prepared by the responsible functional area. Do not issue a check or make a cash payment for this voucher. This action reverses the erroneous collection and allows the funds to be accounted for in the proper manner.

B. Adjustments. If it is discovered that the amount should have been reported as a collection under an accounting classification other than \*\*X6875, as in the case of a cash collection from a sales official, make the adjustment by requiring the responsible functional area to prepare an SF 1081 charging \*\*X6875 and crediting the proper appropriation or fund.

C. Removal. After every reasonable effort to discover the source and disposition of the funds has proved unsuccessful, prepare an SF 1081 to remove the amount from deposit fund \*\*X6875 and credit to Forfeitures of Unclaimed Money and Property, \*\*R1060.

1104 PAYMENTS IN SUPPORT OF ADVANCE PAYMENT POOL AGREEMENTS

110401. General. Advance payments are sometimes used for financing the performance of more than one contract. This is accomplished under a single advance-payment agreement called an advance-payment pool agreement. Advance-payment pool agreements are often used for the financing of cost-type contracts with nonprofit educational or research institutions for experimental, or research and developmental work, when several contracts or a series of contracts require financing by advance payments. More than one agency or department may have their funds cited on contracts which are part of the pool agreement. When more than one contract is involved in the pool agreement, one or more of the contracts is designated as the contract to which the advance payments are applied. This is normally a large dollar-value contract. Advance payments will be handled in accordance with current procedures. Revised procedures will be issued upon completion of a review being conducted by the Contract Finance Committee. (Refer to Volume 10 of this Regulation for specific details).

★1105 INTERAGENCY DISBURSING SUPPORT. The DFAS-HQ Office of Disbursing Management, located at DFAS-KC is responsible for coordinating all disbursing matters relating to interagency disbursing support agreements. For example, in October 1993, the Department of State (DoS) was given payment approval authority for various types of disbursements. Any disbursements presented to the DoS which are not included in the approved payment listing will not be processed by the DoS. In order for unlisted payments to be accepted and processed by the DoS the disbursement document must be accompanied by a properly executed DD Form 577, Signature Card.

DD Form 2659, AUG 93

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WITHIN THE UNITED STATES	
<u>DATA</u>	<u>EXAMPLE</u>
Location (Base and State) ZIP Code Disbursing Station Symbol Number Date of Payment	Lowry AFB CO 80230-5260 DSSN 5040 19XX May 1
Location and ZIP Code Disbursing Station Symbol Number Date of Payment	Ft. Finance, IN 46216 DSSN 0001 20 August 19XX
Disbursing Station Symbol Number UIC and Name of Disbursing Activity Date of Payment Name and DSSN of Financial Information Processing Center	SYMBOL 5171 (62306) NAVOCEANO 21 SEP 19XX ACCTS DAO-CL, PENSACOLA 8380
OVERSEAS AREAS	
<u>DATA</u>	<u>EXAMPLE</u>
Location Disbursing Station Symbol Number Date of Payment	APO AE 09440-1111 DSSN 6637 1 May 19XX

Figure 11-2. Sample Disbursement Voucher Paid By Blocks

Standard Form 1034 Revised October 1987 Department of the Treasury 1 TFM 4-2000		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL			Voucher No. 593281	
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION Department of the Army Nth Area Finance Support Center APO AE 00098			DATE VOUCHER PREPARED 10/17/XX		SCHEDULE NO.	
			CONTRACT NUMBER AND DATE DA-HC-21-72A2578 8/21/XX		PAID BY APO AE 00098 DSSN 9000 18 Oct 19XX	
			REQUISITION NUMBER AND DATE			
PAYEE'S NAME AND ADDRESS <div style="border: 1px solid black; padding: 5px; margin: 5px;">           Burchell Electronics, Inc.            18 Business Street            Daube, West Germany         </div>			DATE INVOICE RECEIVED 10/1/XX			
			DISCOUNT TERMS			
			PAYEE'S ACCOUNT NO.			
			GOVERNMENT B/L NO.			
SHIPPED FROM		TO	WEIGHT			
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary).	QUANTITY	UNIT PRICE		AMOUNT <sup>1</sup>
				COST	PER	
61329 8/27/XX	9/25/XX	Analog Digital Convrt.	10	30	ea	300
42573 8/27/XX	9/25/XX	Transistor	20	5	ea	100
TOTAL DM						400
(Use cont. sheet if necessary) (Payee must NOT use the space below)						
PAYMENT <input type="checkbox"/> PROVISIONAL <input checked="" type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE		APPROVED FOR DM 400 = \$200.00 BY: R. S. Timothy, LTC, FC TITLE Disbursing Officer	EXCHANGE RATE DM 2 = \$1.00	DIFFERENCES Amount verified correct for (Signature or initials)		\$200.00
Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.						
(Date)		(Authorized Certifying Officer)			(Title)	
ACCOUNTING CLASSIFICATION						
21*XXXX XX-XXXX PXXX-XX SXX-XXX				200.00		
PAID BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY		CHECK NUMBER	ON (Name of bank)	
	CASH	DATE		PAYEE <sup>3</sup>	American Express	
<sup>1</sup> When used in foreign currency, insert name of foreign currency. <sup>2</sup> If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided over his/her official title. <sup>3</sup> When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he/she signs must appear. For example: John Doe Company, per John Smith, "Secretary or Treasurer", as the case may be.						PER   TITLE
PRIVACY ACT STATEMENT The information requested on this form is required under the provisions of 31 U.S.C. 82b and 82c for the purpose of disbursing Federal money. The information requested is to identify the particular creditor and the amounts to be paid. Failure to furnish this information will hinder discharge of the payment obligation.						

Figure 11-3. Sample SF 1034, Public Voucher for Purchases and Services Other Than Personal



Standard Form 1049 September 1973 1 TFM 4-2000 1049 105-01	<b>PUBLIC VOUCHER FOR REFUNDS</b>	VOUCHER NO. <u>62987</u>  SCHEDULE NO. _____							
(Voucher prepared <u>Washington, DC 7/21/19XX</u> ) <small>(Give place and date)</small>									
U.S. <u>Defense Accounting Office, Washington, DC</u> <small>(Department or Establishment, Bureau or Office)</small>									
Appropriation or Fund: <u>21X6875 XX SXX-XXX</u>									
THE UNITED STATES, DR.,  To  Address	J. C. Mace Construction Co. 6801 Indiana Ave. N.W. Washington, DC 20223	PAID BY DAO, FIPC DSSN 0001 WASH. DC 7/21/19XX							
Statement of deposit(s) received and applied: _____ Contract No. _____ Date _____									
DATE OF DEPOSIT	RECEIPT NO	ARTICLES OR SERVICES <small>(ENTER DESCRIPTION, INCLUDING DETAIL OF APPLIED CHANGES AND OTHER INFORMATION DEEMED NECESSARY)</small>	AMOUNT DEPOSITED <small>DOLLARS   CENTS</small>	APPLIED CHANGES <small>DOLLARS   CENTS</small>	BALANCE DUE DEPOSITOR <small>DOLLARS   CENTS</small>	NOTATIONS			
7/16/XX	2353	Refund of deposit made to guarantee return of construction plans	800.00		800.00				
TOTAL			800.00		800.00				
I certify that the above statement of deposit(s) of the payee or depositor named is correct and that the sum of \$ <u>800.00</u> is due said depositor.									
* Approved and refund authorized for \$ <u>800.00</u> <small>(Sign original only)</small>									
John J. Baker Title <u>Disbursing Officer</u>									
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">Refund by</td> <td style="width: 45%;">           Check No. <u>70,251,684</u>            Cash \$ _____ on _____            Other method \$ _____         </td> <td style="width: 40%; vertical-align: top;">           Signature _____            of payee _____  <small>(Sign original only)</small> </td> </tr> </table>							Refund by	Check No. <u>70,251,684</u> Cash \$ _____ on _____ Other method \$ _____	Signature _____ of payee _____ <small>(Sign original only)</small>
Refund by	Check No. <u>70,251,684</u> Cash \$ _____ on _____ Other method \$ _____	Signature _____ of payee _____ <small>(Sign original only)</small>							
* If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved," etc., and over his official title.									
* U. S. GOVERNMENT PRINTING OFFICE: 1986-496-012									

Figure 11-4. Sample SF 1049, Public Voucher for Refunds

Standard Form 1081 Revised September 1982 Department of the Treasury 1 TFM 2-2500				<b>VOUCHER AND SCHEDULE OF WITHDRAWALS AND CREDITS</b>			
CHARGE AND CREDIT WILL BE REPORTED ON CUSTOMER AGENCY STATEMENT OF TRANSAC- TIONS FOR ACCOUNTING PERIOD ENDING <u>10/31/XX</u>						Transaction Date  10/1/XX	
						Document No.  159659	
CUSTOMER AGENCY				BILLING AGENCY			
Agency Location Code (ALC)  0001		Customer Agency Voucher No.  102		Agency Location Code (ALC)  0001			
				Billing Agency Voucher No.  942			
DEPARTMENT BUREAU ADDRESS  DAO, FIPC Washington, DC		DEPARTMENT BUREAU ADDRESS  DAO, FIPC Washington, DC					
SUMMARY							
APPROPRIATION, FUND, OR RECEIPT SYMBOL		AMOUNT		APPROPRIATION, FUND, OR RECEIPT SYMBOL			
17*1453.2252/025/74476/G/000072/1J DK31WN/DK3223687830		500.00		17F3880 00020 2D 1001XX 000122333444			
(MUST AGREE WITH BILLING AGENCY TOTAL)		TOTAL 500.00		(MUST AGREE WITH CUSTOMER AGENCY TOTAL)			
				TOTAL 500.00			
Details of charges or reference to attached supporting documents To transfer credit received from Treasury for original check number 000122333444. Copy of DAS attached.							
BILLING AGENCY CONTACT: PREPARED BY <u>R. Smith</u> APPROVED BY <u>K. Randall</u> TELEPHONE NO. <u>697-1234</u>							
CERTIFICATION OF CUSTOMER OFFICE  I certify that the items listed herein are correct and proper for payment from and to the appropriation(s) designated.							
<u>10/1/XX</u> (Date)		<u>John J. Baker</u> (Authorized administrative or certifying officer)					
<u>697-1357</u> (Telephone No.)							
Original - Forward To Customer For Payment							

Figure 11-5. Sample SF 1081, Voucher and Schedule of Withdrawals and Credits

Standard Form 1080 Revised April 1982 Department of the Treasury 1 TFM 2-2500				<b>VOUCHER FOR TRANSFERS BETWEEN APPROPRIATIONS AND/OR FUNDS</b>		VOUCHER NO. 8397
Department, establishment, bureau, or office receiving funds  Defense Finance and Accounting Service Cleveland Center Cleveland, OH				SCHEDULE NO.		
Department, establishment, bureau, or office charged  Defense Finance and Accounting Service Cleveland Center Cleveland, OH				BILL NO.		
				PAID BY  DFAS CL DSSN 8522 10/15/XX		

ORDER NO.	DATE OF DELIVERY	ARTICLES OR SERVICES	QUAN- TITY	UNIT PRICE		AMOUNT
				COST	PER	DOLLARS AND CENTS
TA 54		Transfer receipt of funds from John Doe to MPN See COV#12345 9/3/XX				500.00
TOTAL						500.00

Remittance in payment hereof should be sent to -  

Defense Finance and Accounting Service  
 Cleveland Center  
 Cleveland, OH

ACCOUNTING CLASSIFICATION - Office Receiving Funds  
  
 MPN 17\*1453.2201

CERTIFICATE OF OFFICE CHARGED  
  
 I certify that the above articles were received and accepted or the services performed as stated and should be charged to the appropriation(s) and/or fund(s) as indicated below; or that the advance payment requested is approved and should be paid as indicated.

10/15/XX

(Date)

(Authorized administrative or certifying officer)

Disbursing Officer

(Title)

ACCOUNTING CLASSIFICATION - Office Charged  
  
 17F3875 XXXX XXX XXXXX X XXXXXX XX XXXXXX XXXXXXXXXXXXX

Paid by Check No. No check issued

Figure 11-6. Sample SF 1080, Voucher for Transfers Between Appropriations and/or Funds

## CHAPTER 12

FOREIGN DISBURSING OPERATIONS1201 MONETARY REGULATIONS

120101. Use of U.S. Currency. With the exception of areas where U.S. diplomatic or financial relations make the use of U.S. dollars inadvisable, U.S. currency or Treasury checks shall be the only medium of exchange for: pay of military and civilian personnel, except for amounts acceptable in local currency by payees and as required to be paid in local currency by this section; allowances, per diem, and travel expenses, except as required to be paid in local currency in excess and near-excess foreign currency countries; and purchases from appropriated and non-appropriated fund activities located in or visiting the foreign currency area.

120102. Reimbursable Expenses. Claims for reimbursement of personal funds expended on official business shall be paid in the foreign currency expended by the claimant, if available to the DO and acceptable to the claimant. If the claim is to be paid in U.S. dollars as authorized or required at the point of settlement, the claimant shall be required to state on the voucher the rate at which the expended foreign currency was acquired and the source from which acquired. The U.S. dollar equivalent shall be computed at the rate the claimant acquired the currency. If two or more purchases were involved, the U.S. dollar equivalent shall be determined on a "first-in-first-out" basis. For example: The claimant purchased 5,000 Malaysian Rigit in May 1991 at the rate of 2.7875 to one U.S. dollar and 3,000 in June 1991 at 2.7795. Expenses of 6,000 Rigit were incurred in July 1991. The U.S. dollar reimbursement is  $\$2,153.50$  [ $5,000 / 2.7875 = \$1,793.72 + 1,000 / 2.7795 = \$359.78$ ]. If the claimant had incurred expenses of only 4,000 Rigit, reimbursement would be  $\$1,434.98$  [ $4,000 / 2.7875 = \$1,434.98$ ].

120103. Currency Custody Accounts. Currency custody accounts are arrangements approved by the Treasury whereby safety stocks of U.S. currency on the books of overseas military central funding officers are physically held in the Government's contractor-operated military banking facilities (MBFs). This 100 percent cash

reserve serves as MBF vault cash, with daily settlement between the MBF operator and central funding officer. Absent ready access to the Federal Reserve System (FRS), this mechanism assures the availability of U.S. currency to support the dollar economy exported in support of U.S. Forces stationed overseas. The balance held in the custody account is reported on line 6.4 of both the DD Form 2657, Daily Statement of Accountability and the SF 1219, Statement of Accountability as prescribed in chapter 19 of this Volume.

120104. Use of Foreign Currency

A. General. In areas where U.S. currency is prohibited or where diplomatic or financial considerations make its use inadvisable, the commander shall consult with other U.S. military commanders and State Department representatives in the area to determine the local government's foreign currency control regulations. The commander shall then issue instructions to conform to State Department procedures and local government foreign currency control regulations and, in addition, incorporate the following requirements to the extent necessary to comply with local conditions: foreign currency shall be used for all payments to U.S. personnel; foreign currency shall be used for all payments to vendors located in the area; foreign currency held by U.S. personnel shall not be repurchased except as outlined in section 1203 of this chapter; and U.S. dollar negotiable instruments shall not be cashed or issued without the written permission of the commander and then only in amounts required for cash purchases at U.S. Government authorized facilities (commissaries, snack bars, theater, post offices, etc.) or for immediate travel to an area where currency restrictions are not in effect.

B. Excess and Near-Excess Foreign Currencies. The Treasury determines those countries whose currencies are excess or near-excess. The Office of Management and Budget (OMB) annually publishes the information on those countries whose currencies have been

determined to be excess or near-excess. See table 12-1.

C. Basic Pay, Special and Incentive Pays, and Allowances for Subsistence and Quarters. Basic pay, special and incentive pays, and basic allowances for subsistence and quarters authorized for military personnel are expressed in U.S. dollars by statute and shall be paid in U.S. dollars or in military payment certificates (MPC), as appropriate, when such personnel are stationed in overseas areas. Salaries and differentials paid to U.S. citizen civilian personnel, similarly situated, paid in fulfillment of U.S. contractual or statutory obligations that are expressed in U.S. dollars shall be paid in U.S. dollars or MPC, as appropriate. Personnel shall be encouraged to use authorized exchange facilities for converting U.S. dollars to local foreign currencies needed to liquidate personal obligations. Such conversions shall be made with the understanding that local foreign currencies may be converted back to U.S. dollars only as authorized in section 1203 of this chapter. If foreign currency is being paid, the DO shall make payment on the basis of the MBF sell rate. If there is no in-country MBF, the DO shall make the foreign currency payment on the basis of the prevailing exchange rate.

D. Other Allowances. When military or civilian personnel are due allowances that are authorized to meet expenditures peculiar to an assignment in an excess or near-excess currency country (i.e. overseas station and cost-of-living allowances), they shall be paid in local currency obtained by the DO from the U.S. Treasury disbursing officer, except when one or more of the following occurs:

1. The local Treasury DO does not have local currency available for this purpose.
2. The allowance is for an expenditure the individual is required to make in U.S. dollars.
3. The payment is for an allowance due at time of separation from the assignment.
4. Prior approval has been obtained in writing from the U.S. Consulate or the

American Embassy to pay the allowance in U.S. dollars.

★ E. Travel and Related Costs

1. Advances for travel and related costs (including subsistence) of U.S. personnel, consultants, grantees, and others whose travel is reimbursed by the DoD Components, due to travel to, through, or from excess and near-excess currency countries, shall be paid with appropriate excess or near-excess U.S.-owned foreign currencies whenever feasible. The agreements with these countries include provisions for the use of U.S.-owned currencies for official travel and transportation purposes, but the specific limitations on their use may differ from country to country. In general, there is no limitation on the use of these currencies for travel expenses, including subsistence and transportation costs, where the travel or transportation originated in the excess or near-excess country. U.S. personnel shall be advised to use the accommodation exchange services provided by DoD disbursing offices or by State Department DOs for the purchase of local currency to cover all anticipated expenses while in the country concerned.

2. Travel and transportation costs incurred in movements terminating in or transiting excess or near-excess currency countries are limited to the approved uses as announced in the State Department Guidelines (reference (an)). See table 12-2 for a listing of the approved uses.

3. Most of the agreements with the countries listed in table 12-2 provide for connecting air travel in the United States as part of the authorized international travel.

a. In order to include such connecting travel in the through-ticketing payable in foreign currency, the GTR should be presented to the international carrier involved in the travel. Tickets purchased from such a carrier may provide connecting air travel to or from any point in the United States.

b. At this time, only Pan American World Airways (Pan Am) will accept payment in excess to near-excess foreign currencies. In order to charge the GTR in the foreign

currency, 75 percent of the designated travel must be for travel via Pan Am. GTRs specifying payment in excess currencies should not be presented to other airlines unless the airline is authorized to use Pan Am ticket stock.

F. Acquisition by Contractors and Payments Under Contracts. DoD contractors requiring currencies in excess or near-excess countries in the performance of their contracts or for the personal or official use of their officers or employees may acquire these currencies from local DOs. Travel and transportation costs for U.S. contractors, in excess and near-excess currency countries, also should be paid in the currencies of those countries. Every effort shall be made to include in contracts with U.S. contractors that obligations will be made payable, in foreign exchange of excess and near-excess currency countries, to the extent that the contractor may be expected to require such exchange for necessary expenses in the country involved. For instructions regarding the use of U.S. owned excess and near-excess foreign currencies to make payments for any program, project, or activity in a foreign country under contracts financed by appropriated funds of DoD Components, refer to Volume 10 of this Regulation.

G. Payments in Foreign Currency. If a foreign currency payment needs to be made and the DO has a limited depositary account (LDA) in that particular currency, the payment may readily be made by an LDA check. If the DO does not have an LDA in the particular foreign currency to be paid, but is located within the country to which the required currency is indigenous, the DO may acquire foreign currency cash from any of the sources in chapter 13 of this Volume and make a foreign currency cash payment. Otherwise, when a foreign currency payment needs to be made, the DO must send a properly certified voucher together with supporting documentation and a properly executed DD Form 577 to a DO who can make the payment in the foreign currency involved. In many cases, the DO (or cashier) who can make the foreign currency payment will be located at the U.S. Embassy or Legation. A DO requesting payment by a U.S. Embassy or Legation shall provide any additional information or documentation required by the U.S. Embassy or Legation to make the payment.

★1202 FINANCIAL TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

120201. General Policies for Financial Transactions

A. Scope

1. This section implements policies of the Treasury Department on the use of U.S. Government funds in international programs on foreign exchange or interest costs to the Treasury. These include transactions with foreign countries and international organizations involved with bilateral or multilateral programs, such as procurement, research, codevelopment, coproduction, grants or other transactions that require the:

- a. outlay of U.S. dollars or foreign currencies,
- b. inflow of funds from foreign countries, or
- c. exchange of U.S. dollars and foreign currencies.

2. Except for arrangements entered into for the sole purpose of implementing U.S. international monetary policy, DoD Components shall observe the following policies to ensure that:

- a. U.S. dollars are retained in the Treasury until actually required for immediate disbursement, to minimize interest cost on the public debt;
- b. Interest on U.S. Government funds will not be used to subsidize program activities; and
- c. Arrangements with foreign countries and international organizations will accommodate the financial policies and procedures of each participating country or organization to the maximum extent feasible.

3. Any change in program costs resulting from the use of foreign currencies in international financial arrangements is the responsibility of the involved program agencies, U.S. or foreign.

B. General Policies

1. DoD Components shall not permit the withdrawal of dollars from the Treasury, for placement with any program management organization, prior to the need for the dollars as determined by the actual immediate funding requirements of the recipient organization to carry out the project.

2. International programs that require U.S. funding shall be negotiated to provide for dollar outlays as close to the need for current program expenditure as possible.

3. The U.S. Government share of funding required to support a program shall be obtained by appropriation with no part of this funding derived from interest earned on U.S. contributions. DoD Components shall be responsible for assuring that any interest earned is promptly deposited to receipt account 1499, Miscellaneous Interest Collections, Not Otherwise Classified."

4. Whenever possible, international programs should consider the fiscal needs and funding policy considerations of each participating country or international organization, provided U.S. Government cash management policies are not compromised.

5. Requests from a foreign country or international organization for the temporary deposit and safekeeping of U.S. dollars in trust in an account of the Treasury will be decided on their own merit, based on the reason therefore, the specific financial arrangements proposed, and the relevant U.S. Government political and general financial considerations.

6. DoD Components shall not invest funds on behalf of a foreign country or international organization when U.S. Government receipt of such funds would serve as the basis for creating contract obligational authority for the DoD Component or other U.S. Government Department or Agency.

7. Application of these general policies in negotiation with foreign countries and international organizations shall not be compromised by DoD Component administrative prac-

tices. Existing practices should be altered or revised to achieve these principles of funding policy.

120202. Exchange of U.S. Dollars for Foreign CurrenciesA. Scope

1. The following guidelines are to be followed by DoD Components when exchanging U.S. dollars for foreign currencies under programs with foreign countries and international organizations.

2. The guidelines are based on the principles that U.S. Government agencies, other than those specifically responsible for dealing with the value of the dollar in foreign exchange markets (i.e., Treasury and the Federal Reserve Bank of New York), should avoid holding foreign currency balances in excess of immediate working requirements; and foreign exchange transactions by U.S. Government agencies should not give the appearance of currency speculation in the exchange markets.

B. Guidelines

1. All exchange of U.S. dollars for foreign currencies is to be conducted for "spot" delivery; i.e., the purchase of foreign currencies for delivery in two business days. No use may be made of forward contracts or of purchase at negotiated rates directly from foreign governments or private contractors, unless authorized by the OUSD(C)AP and the Treasury Department.

a. In the Federal Republic of Germany, the DoD acquires spot deliveries of Deutschmarks through an arrangement with the German Federal Bank (Bundesbank).

b. In certain other countries, currently Japan and the United Kingdom, DoD annually canvasses U.S. and local banks to provide for all DoD local currency spot requirements. Following Treasury Department concurrence in canvass results, agreements are executed with selected banks to provide local currency spot credits under stipulated rate structures and settlement procedures.



2. No U.S. dollars should be exchanged for foreign currencies prior to the time that the foreign currency is needed for immediate funding requirements. DoD disbursing officers shall ensure that payment for foreign currency is not made prior to the value date of the exchange transaction.

3. DoD Components must avoid any appearance of currency speculation in foreign exchange markets.

4. Any change in program costs resulting from the foreign currency denomination of international financial arrangements is the responsibility of the program agencies, U.S. or foreign, involved.

5. DoD Components should attempt to reduce exchange risks for the United States in international programs by taking steps to assure that:

a. a larger portion of the program expenditure be in the United States, or

b. financial arrangements are in U.S. dollars or dollar-equivalents. If these steps are not feasible, DoD Components should enter into financial arrangements using a multiple currency "unit of account" that included the dollar as one of the currencies, to the extent provided in paragraph 120202.B.6, below.

6. The preferred currency for use in all international financial arrangements is the U.S. dollar, except in arrangements in which U.S. Government-owned excess or near-excess currencies can be used. If the only alternative to the U.S. dollar is the use of a foreign currency, DoD Components shall consult with OUSD(C)AP and the Treasury Department regarding use of a multiple currency unit of account that includes the U.S. dollar as one of its currencies. An example is the International Monetary Fund (IMF) "Special Drawing Right" (SDR), the exchange value of which is determined by the IMF on the basis of a basket of currencies assigned a weight in determining that value.

#### 120203. Procedures

A. The Treasury Department shall be consulted at the earliest possible time on any

potential or pending negotiations with foreign countries and international organizations that involve the matters reflected herein. Exceptions to these policies and guidelines outlined above will be made only on the basis of a Treasury determination that such exceptions would be advantageous to the United States.

B. Advice of pending negotiations and requests for approval of negotiated arrangements shall be processed through the Director for Accounting Policy, OUSD(C)AP, The Pentagon Washington, DC 20301-1100.

#### C. Excess and Near-Excess Currencies

1. Primarily as a result of foreign assistance or foreign agricultural development programs, the Treasury Department may acquire balances of certain foreign currencies with limited convertibility. Such currencies may, from time to time, be designated as excess or near-excess to U.S. Government needs. Failure to utilize these currencies can result in losses to the U.S. Government due to inflationary conditions or devaluation in the countries concerned.

2. Authorized uses of excess and near-excess currencies depend upon the terms of individual agreements signed with each foreign government under P.L. 83-480 (reference (ao)), as amended, and other Acts of Congress referenced herein. The following paragraphs, as well as I TFM 4-9080 (reference (w)) address the principal uses and limitations of such currencies. Any notifications to Treasury shall be made through the Director for Accounting Policy, OUSD(C)AP.

#### D. Use of Excess and Near-Excess Currencies for Vendor Payments

1. Rules for award of DoD contracts for foreign acquisitions are contained in part 25 of the FAR (reference (y)). Consultations with the OMB required under Subsection 25.304(c) of the FAR (reference (y)) shall be coordinated through the Director for Accounting Policy, OUSD(C)AP; DSN 227-0585, Commercial 703-697-0585.

2. Treasury Department disbursing officers shall exchange sufficient amounts of the excess foreign currencies needed to make payment of the contract for a dollar check in the



amount of the lowest responsive dollar contract bid or offer under the following conditions:

a. Provided that the U.S. disbursing officer (USDO) is not furnishing disbursing services for Department of Defense, the DoD disbursing officer shall acquire sufficient amounts of the foreign currency from the USDO to liquidate the total amount of the obligation.

b. In exchange for the foreign currency acquired, the DoD disbursing officer shall furnish the USDO with:

(1) A dollar payment from DoD appropriations or funds equal to the dollar cost of the lowest responsive contract bid or offer.

(2) A signed receipt for the number of foreign currency units given in exchange for the dollar payment.

(3) A copy of the applicable expenditure voucher.

c. In areas where the USDO has been certified to make local currency payments for Department of Defense and, in fact, is providing this service, the charge to DoD appropriations (as recorded on the DoD expenditure voucher) shall be limited to the dollar cost of the lowest responsive contract bid or offer.

E. Foreign Currency Payments for Contracts Funded from Military Construction Appropriations. The following criteria shall be used in determining the feasibility of foreign currency payments for contracts funded from military construction appropriations. U.S. dollars shall be used only when:

1. The Treasury Department is not holding excess or near-excess foreign currencies in the country involved. Inasmuch as this determination is made based on the currency situation at the time of contract award, it is possible that Treasury Department holdings of the particular foreign currency may change prior to final payment. Therefore:

a. If the foreign currency of the country should be declared in an excess or

near-excess position prior to making any or all payments under contracts specifying payment in U.S. dollars (which were awarded when another criterion applied), efforts shall be made by the responsible disbursing officer to have the contractor accept payment in excess or near-excess foreign currency. If the contractor is unwilling to agree, payment in U.S. dollars is not otherwise prohibited.

b. If the foreign currency of the country no longer is in an excess or near-excess position when payments are made under a contract specifying payment in such foreign currency, payments may be made either in the foreign currency or U. S. dollars.

2. To the extent provided by a treaty, executive agreement, or laws of the country concerned, payments are required to be made in U.S. dollars.

3. Responsive offers require a partial payment in U.S. dollars.

4. The only responsive offers received require payment entirely in U.S. dollars.

5. The contract is for a compelling need and of such unusual urgency that serious injury to the U.S. Government would likely be incurred if payment in foreign currency were to be insisted upon.

6. Contract bids or offers in local currency are unreasonably overpriced in relation to the dollar cost or to the local currency price available to non-DoD users of the same or similar goods or services.

7. If it is determined that payment in foreign currency funded from military construction appropriations is not feasible, the official designated in paragraph 120205 shall execute the following contract certification for retention with each contract file.

CONTRACT CERTIFICATION

I hereby certify, as required by paragraph 120203.E.7 of DoD 7000.14-R, Volume 5 and under the authority delegated to me in accordance with paragraph 120205 of DoD 7000.14-R, Volume 5, that it was not feasible to make payment in the amount of \$ \_\_\_\_\_ from foreign currency owned by the United States Government under this military construction contract executed in the country of for the reason stated below:

(Cite the criterion applicable in the instant case)

\_\_\_\_\_  
(Signature)

(Name and title of person  
executing this Certification)

F. Use of Foreign Currencies for Travel and Transportation

1. Maximum use shall be made of U.S.-owned foreign currencies for transportation when certificated air carriers are available and willing to accept such currencies in payment for U.S. Government-financed commercial foreign air transportation of persons or property. Use of air carriers for U.S. Government-financed commercial foreign air transportation and the determination of their availability shall be in accordance with the provisions of DoD Directive 4500.9 (reference (ap)).

2. Consistent with the provisions of GAO Guidance (reference (aq)) and Comptroller General Decision B-184136 (reference (ar)), certificated air carriers shall be used for official air travel and transportation when available.

a. India and Pakistan have negotiated agreements that allow airlines to convert local currency to U.S. dollars. Due to these agreements, Pan American World Airways can convert their foreign currency receipts to U.S. dollars. This airline should be used when it provides 75 percent of the travel or transportation services to or from these countries.

b. In other countries, the national governments do not allow this type of

conversion and the U.S. Government cannot require local currency payments for these transportation costs. However, local currencies shall be used to the maximum extent for the payment of in-country travel, per diem, and shipments.

3. Consistent with the provisions of Department of State Foreign Currency Bulletins (reference (as)), every effort shall be made to use U.S.-owned excess currencies for international transportation by certificated air carrier, without regard to origin or destination, even if such usage results in a greater cost to the appropriation for fund charged.

4. In issuing and exchanging Government transportation requests (GTRs), Government bills of lading (GBL), transportation warrants, or other procurement documents, the form must clearly state "PAYMENT IN foreign currency." Otherwise, the carrier may demand payment in U.S. dollars.

5. The "BILL TO" portion of the GTR, GBL, transportation warrant, or other procurement document must contain the following:

- a. Name of the requesting agency.
- b. Address to be billed.
- c. Instruction on payment in foreign currency.

6. DoD Components initiating travel payable with U.S.-owned excess foreign currencies shall complete the "BILL TO" portion of the GTR, GBL, transportation warrant, or other travel procurement document by citing a DoD disbursing officer, whenever available, to perform this service.

G. Procedures When No DoD Disbursing Officer is Available

1. When a DoD disbursing officer is not available in an excess currency country and it is necessary to use a USDO for effecting payment of travel and transportation bills, the following procedures shall be followed:

a. The appropriate DoD Component having jurisdiction over the DoD appropriation shall delegate to Department of State certifying officers authority to certify vouchers against the DoD appropriation cited on the GTRs, GBLs, transportation warrants, or other documents.

b. Delegations of certifying authority shall be prepared in accordance with instructions contained in I TFM 4-2075.10 (reference (w)) and addressed through the Director for Accounting Policy, OUSD(C)AP, The Pentagon, Washington, DC 20301-1100 to the Office of Financial Operations, Department of State, Washington, D.C. 20520.

2. The "BILL TO" portion of travel documents shall be completed to show the address of the U.S. embassy in the capital city of the appropriate excess or near-excess currency.

3. In procuring international travel or transportation, the traveler or office issuing the GTR, GBL, transportation warrant, or other procurement document shall forward a memorandum or advance copy of that document to the appropriate U.S. embassy as soon as the purchase is made. DoD Component administrative procedures shall provide for forwarding such copies to the "BILL TO" address (the U.S. embassy that will pay the carrier in the designated foreign currency) as follows:

a. Documents originating in the United States shall be mailed to the "United States Embassy, (indicate capital city of foreign country), ATTN: Budget and Fiscal Section, c/o Department of State, Washington, DC 20520."

b. Copies of GTRs, GBLs, transportation warrants, and other documents and related correspondence mailed from points outside the United States shall be sent via official channels. The phrase, "Please forward via Diplomatic Pouch to the United States Embassy, (indicate capital city of foreign country)" shall be written on the inside envelope containing the documents. Army, Air Force or Fleet Post Office addresses may be used where available. However, documents shall be delivered to the nearest U.S. embassy or consulate for forwarding to other countries, if feasible, in preference to the use of open mail.

4. USDOs paying carrier bills in local currencies shall charge DoD Components at the U.S. dollar equivalent for that local currency using the official exchange rate at the time of payment.

5. USDOs shall render monthly a Standard Form (SF) 1221, "Statement of Transactions According to Appropriations, Funds and Receipt Accounts (Foreign Service Account)" to each DoD Component that uses their services to account for disbursements made on its behalf.

a. DoD Components shall provide the proper mailing address for SF 1221s to the Office of Financial Operations, Department of State, Washington, DC 20520.

b. If the DoD Component using USDO services has multiple office addresses for receipt of SF 1221s, this must be clearly stated and each office abbreviated designation shall be associated with each address as it will appear in the "BILL TO" space on GTRs, GBLs or other procurement documents. In cases where carriers fail to provide separate billings, the USDOs will be unable to prepare and mail separate SF 1221s. In such cases, DoD Components shall distribute these charges to its internal offices and notify the Treasury Department of any adjustments.

#### 120204. DoD Components' Responsibilities

A. As required by OMB Bulletins 66-1, 66-5, and 66-7 (reference (at)), use excess and near-excess U.S.-owned foreign currency in payment of contracts in foreign countries; or if such use is not feasible, execute contract certifications, as specified in paragraph 120203.E.7.

#### B. Ensure that:

1. Obligations under DoD programs, projects, and activities that can be funded with excess currencies be so liquidated, whenever feasible, according to criteria set forth in paragraph 120104.F, even though the cost to the appropriation or fund may not be the lowest in price.

2. Use of dollars or foreign currencies, or both, for the payment of overseas con-

tracts is authorized in accordance with criteria set forth in paragraph 120202.B.6.

3. Contractors pay expenses, incurred in performance of contracts in U.S.-owned excess currency countries, in the currency of those countries and obtain such currencies solely from the servicing U.S. or DoD disbursing officer.

4. Additional fund requirements that may result from implementation of the policies set forth above are financed from funds made available to those DoD Components executing the contracts.

120205. Delegation. Under the provisions of 10 U.S.C. 136, (reference (1)), the authority and responsibility for compliance with and making determinations of nonfeasibility are delegated to the Secretaries of the Military Departments, the Under Secretary of Defense for Research and Engineering, the Assistant Secretary of Defense (Comptroller), Directors of the Defense Agencies, and Director Washington Headquarters Services. These designees may make further delegations of this authority.

#### \*1203 CONVERSION REGULATIONS

120301. General. Where the use of foreign currency is necessary, the currency shall be obtained by one or more of the following methods in the preferential order in which listed. See chapter 13 of this Volume for detailed instructions regarding procurement of foreign currency.

A. By purchase from the Government of the United States (Contract Military Banking Facilities (MBF), Department of the Treasury, other U.S. DOs, or other accountable disbursing officials).

B. By purchase from commercial sources.

C. By repurchase from individuals (subject to the restrictions in paragraph 120304.E below).

120302. DO Responsibilities. DOs using foreign currency shall ensure compliance with the following requirements.

A. Foreign currency is obtained and used for official purposes only.

B. Foreign currency is not purchased or held in excess of immediate disbursing needs.

C. Foreign currency purchases with U.S. dollars are made for "spot" delivery (delivery shall be within 2 business days).

D. Foreign currency is in the physical custody of the DO or the limited depository bank has posted a credit to the LDA before any foreign currency disbursement is made.

E. Foreign currency is not purchased by forward contracts directly from foreign governments, private firms or individuals or at a negotiated rate without prior authorization from the servicing DFAS Center.

F. Speculation in foreign currency is prohibited.

G. Where there is an MBF in-country, foreign currency purchases for official use (at the MBF sell rate) and for accommodation exchanges (at the MBF accommodation rate) shall be given preference, whenever possible.

\* H. Foreign currency held at personal risk by the DO in the safe or vault and in LDAs (including foreign currency held by all authorized deputies, agents, and cashiers within the disbursing office and at remote locations) is limited to a maximum of 7 business days requirement unless authorization has been received from the servicing DFAS Center granting an increase.

I. When purchased from sources other than the U.S. Government, foreign currency is purchased at the best rate available in compliance with the laws of the country where it is being used.

J. Foreign currency collection records are maintained showing the source of the currency; indicating miscellaneous receipt accounts or other Treasury accounts to be credited; and any restrictions on the use of the currency.

K. Foreign currency reports are prepared as prescribed in chapter 16 of this Volume.

120303. Disbursing Agents of the Office of the Secretary of Defense (OSD)

A. Purpose and Appointment. Disbursing agents of the Office of the Secretary of Defense (OSD) are commissioned officers, warrant officers, non-commissioned officers, or civilian employees who are appointed by the DoD(C), or designee, the Director of Budget and Finance, Washington Headquarters Service (WHS), to act as agents for an accountable DO. Such appointments shall be coordinated with the DO at WHS. Their purpose is to acquire cash and make such payments as are specified in the appointment. These disbursing agents may be appointed for an indefinite period of time or for a specific mission of limited duration. Such disbursing agents shall obtain all necessary funds from or through the DO currently servicing DoD/WHS and shall be accountable to that officer.

B. Conversion Authorization. Disbursing agents of OSD who acquire foreign currency in the course of their official duties are authorized to exchange such foreign currency for U.S. dollars at the nearest DoD disbursing office or other authorized U.S. disbursing office prior to departing from the foreign country, or prior to returning to the U.S. DoD DOs in foreign countries shall convert foreign currency to U.S. dollars for officers or civilians appointed as disbursing agents of OSD. Such conversions shall be reported on the Foreign Currency Report as an acquisition from "OSD disbursing agent (name of agent)." The letter appointing the disbursing agent shall be presented to the DO when the agent requests conversion of currency.

120304. Accommodation Exchange Services

A. General. Accommodation exchange services are: the exchange of Treasury checks or U.S. dollar instruments for U.S. dollars (i.e., check cashing); the selling of foreign currencies in exchange for U.S. dollars or dollar instruments for the convenience of authorized personnel; and, where permitted, the repurchase of foreign currencies with U.S. dollars or dollar instruments.

B. Authorization

1. DOs are authorized to use official funds to:

a. Pay out foreign currency for checks, drafts, bills of exchange, and other instruments payable in U.S. dollars.

b. Cash for the same currency in which drawn, foreign currency checks drawn by accountable officers of the United States on official non-symbol checking accounts when the currency is needed by the officer for official purposes. No additional approvals are required.

c. Provide U.S. dollars in exchange for U.S. Treasury checks drawn by DOs of the State Department or other accountable officers of the United States when the U.S. dollars are needed for official purposes. No additional approvals are required.

2. Except as authorized above for providing U.S. dollars or foreign currency to DOs of the State Department or other accountable officers of the United States for official purposes, commanders shall specifically approve and implement accommodation exchange services only after determining that:

a. contract MBFs, other on-base financial institutions, commissaries, exchanges, and U.S. postal facilities cannot adequately fulfill the needs of DoD personnel;

b. the DO or agent has an immediate need for the foreign currency repurchased; or

c. authorized personnel have been ordered by competent authority to safehaven posts because of emergency evacuation.

3. All negotiable instruments presented to purchase foreign currency shall be presented by the payee in person or by a dependent holding a valid power of attorney from the payee. Refer to chapter 04 of this Volume for detailed requirements for providing check cashing services.

C. Authorized Personnel. The instruments cited above may be exchanged by DOs for the accommodation of those personnel described at paragraph ? in chapter 04 of this Volume.

D. Sales of Foreign Currency to Individuals. Accommodation exchanges of foreign currency normally will be made by MBFs at those installations served under the DoD MBF contract. In countries served by contract MBFs, DOs providing accommodation exchange services shall acquire needed foreign currencies from the MBF and make those exchanges at the MBF accommodation rate. DoD personnel shall not be provided accommodation exchange service by State or Treasury Department DOs in areas where such services are provided by DoD DOs. This shall not preclude DoD personnel assigned or attached to U.S. embassy duty from using available embassy cashier services. DOs, agents, and cashiers making foreign currency accommodation exchanges shall maintain DD Form 2664, Currency Exchange Record on a daily basis to ensure that the authorities and limitations contained herein are efficiently implemented. An example of DD Form 2664 is provided as figure 12-1.

E. Repurchase of Foreign Currency from Individuals. Foreign currency shall not be repurchased by DOs from individuals in those countries served by MBFs under DoD contract. In countries not served by contract MBFs, DOs may repurchase foreign currency or instruments payable in foreign currency in exchange for U.S. dollars or dollar instruments from individuals prior to their departure on home leave or after termination of their foreign assignment. In providing this service, DOs shall ensure compliance with the following subparagraphs.

1. If the amount of foreign currency presented does not exceed the sum of the individual's salary and allowances for two biweekly pay periods, it may be repurchased without requiring documentation of any kind from the departing individual.

2. If the amount of foreign currency presented exceeds the amount authorized in subparagraph 120304.E.1 above, the individual presenting such currency shall submit a written application to the commander for approval of the repurchase. The application

shall contain a statement describing the source of the currency and, a statement affirming that none of the currency was acquired in violation of local regulations or exchange control laws of the country concerned.

3. The repurchase of the foreign currency with U.S. dollars is commensurate with the DO's immediate foreign currency disbursing requirements as prescribed in chapter 13 of this Volume.

4. The foreign currency is repurchased at the prevailing market rate.

5. DD Form 2664 is maintained daily to reflect the amount and source of funds.

★ 6. The authority to make accommodation exchanges granted herein may be suspended or curtailed by the disbursing officer for such time and to such extent necessary to carry out his or her other responsibilities.

F. Safehaven Posts. Foreign currency accommodation exchange services for dependents of DoD personnel at safehaven areas (to which ordered by competent authority in the event of emergency evacuation) shall be consistent with the amount of exchanges authorized for dependents of U.S. personnel employed by other U.S. Government agencies. This authority applies to any foreign currency, to include those that are designated as excess or near-excess. Accommodation exchange transactions for all dependents of an individual named in paragraph 120304.C above, shall not exceed \$2,000 during the first month following evacuation, and shall not exceed \$400 to \$600 in any subsequent month. These limitations do not apply in excess or near-excess currency countries. Daily records of accommodation exchanges for dependents at safehaven areas shall be maintained on DD Form 2664.

★ G. Accommodation Exchange Afloat. Disbursing Officers of the Department of the Navy additionally are authorized to repurchase foreign currency for U.S. dollars for Navy personnel afloat provided:

1. The disbursing officer has need for the foreign currency or can dispose of

the foreign currency by exchange for dollars or by official expenditures within 30 days.

2. The individual requesting the exchange of foreign currency is not allowed, upon returning afloat, to convert an amount of foreign currency greater than the amount purchased by him from the Navy disbursing officer before going ashore, as evidenced by the disbursing officer's records.

<u>EXCESS CURRENCY</u>		
<u>COUNTRY</u>	<u>CURRENCY</u>	<u>FISCAL YEAR</u>
<u>NEAR EXCESS CURRENCY</u>		
<u>COUNTRY</u>	<u>CURRENCY</u>	<u>FISCAL YEAR</u>
Burma	Kyat	1992

Table 12-1. Excess and Near-Excess Foreign Currencies



COUNTRY	CURRENCY	APPROVED USES
Burma	Kyat	Suspended indefinitely for all international travel and transportation.
India Pakistan Poland	Rupee Rupee Zloty	<p>Air travel originating or terminating in the designated country.</p> <p>Air travel transiting Pakistan with stopover (24-hour minimum) for official business in the designated country.</p> <p>Ship travel originating or terminating in the designated country (up to the travel expenses authorized.) The U.S. government costs are limited to those that would accrue by authorized air travel.</p> <p>Surface travel originating or terminating in the designated country.<sup>1</sup></p> <p>Air or surface freight shipments<sup>2</sup> originating or terminating in the designated country.</p>

**★Table 12-2. Approved Uses of Travel and Transportation  
Costs Involving Excess or  
Near-Excess Currency Countries**

<sup>1</sup>Surface travel to and through Poland must be purchased by the American Embassy, Warsaw, Poland, if payment is to be made in Zlotys. Advise the Embassy by mail, or wire in urgent cases, of the names of all travelers (including dependents), their routing, dates of travel, modes of travel, address for mailing tickets, and reference to enclosed GTRs, GBLs, or other documents. Allow adequate time for the procurement and mailing of tickets.

<sup>2</sup>Includes but not limited to baggage, household effects, motor vehicles, and supplies.

DD Form 2664, AUG 93

**Figure 12-1. Sample DD Form 2664, Currency Exchange Record**

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## CHAPTER 13

PROCUREMENT/DISPOSITION OF FOREIGN FUNDS1301 AUTHORITY FOR PROCUREMENT

130101. General. When authorized in writing by the commander or higher authority, foreign funds may be obtained for official purposes. Official purposes include the purchase of foreign currency for disbursing requirements, the purchase of drafts payable in foreign currency for paying creditors, and exchanging official funds held in foreign currency or negotiable instruments for U.S. dollars or negotiable instruments. Foreign funds obtained may be in the form of currency or credits maintained in limited depositary checking accounts. The written authority to obtain foreign funds shall be retained in the files of the DO.

★130102. Limitation on Amount. DOs shall not acquire or hold foreign funds in excess of their immediate disbursing requirements. The availability of foreign funds shall determine what amounts of funds may be held. If the foreign funds are readily available, the combined total of foreign currency on hand and the balance in all limited depositary checking accounts shall not exceed 2 or 3 business days' requirements. If the foreign funds are not readily available, the combined total of foreign currency on hand and the balance in all limited depositary checking accounts shall not exceed 7 business days' requirements. A waiver from these maximum on hand limits must be requested from Treasury via the servicing DFAS Center.

130103. Foreign Coin. DOs generally shall limit foreign funds to paper currency. Coins present problems of weight, storage space, transportation, and disposition and shall be acquired only under special circumstances to fill a specific need or when received as change in connection with an official cash payment in foreign funds.

1302 PROCUREMENT OF FOREIGN FUNDS130201. Transfer of Funds on Relief of DO

A. Cash. Transfer of cash funds in foreign currency shall be effected in the same manner as U.S. dollars.

B. Limited Depositary Checking Account. Transfer of limited depositary checking account balances shall be accomplished in accordance with chapter 14 of this Volume.

130202. Certificate or Statement. With all procurements of foreign currency from U.S. Government or commercial sources, a certificate or statement shall be furnished showing the foreign currency delivered, the rate of exchange, the amount of U.S. dollars paid, the date, and the source/seller. The certificate or statement shall be included as part of the DO's monthly financial reports.

130203. DoD Contract Military Banking Facility (MBF). Whenever possible, DOs shall purchase foreign currency (including funds for limited depositary checking accounts) through an MBF by Treasury check issued in exchange for the foreign currency. The DO shall draw the exchange-for-cash check payable to himself or herself and endorse it to the order of the MBF furnishing the foreign currency.

130204. U.S. Government Sources. When an MBF is not available, DOs shall obtain needed foreign currency (including funds for limited depositary checking accounts) in accordance with this paragraph. Whenever possible, foreign currency shall be obtained by purchase from one of the following: the U.S. Treasury; other DoD DOs; U.S. DOs or cashiers at the American Embassy or Legation; or, the Federal Reserve Bank of New York (FRBNY). Normally, the DO will draw an exchange-for-cash check payable to himself or herself and endorse it to the order of the officer furnishing the foreign currency. However, when foreign currency is purchased from a U.S. DO or cashier at an American Em-

bassy or Legation, the check may be issued in favor of the American Embassy or Legation if so requested by the selling official. In 1992, FRBNY began providing foreign currency to any DoD DO. The procedure for ordering foreign currency from FRBNY is very similar to that for ordering U.S. currency. The DO places an order with FRBNY for the foreign currency needed and provides an exchange-for-cash check drawn in favor of the FRBNY with the order.

130205. Commercial Sources. When an MBF or other Government sources are not available, foreign currency (including funds for limited depository checking accounts) may be purchased from commercial sources under the procedures established by State Department regulations or the currency control laws of the country where the currency will be used. If there are no State Department procedures established, foreign currency shall be procured at the best rate available (i.e., fixed legal rate or non-fixed legal rate) in accordance with the laws of the country where the currency will be used. Purchases of foreign currency from commercial sources shall be by U.S. Treasury check, whenever possible, or, if necessary, by U.S. currency. Treasury checks drawn to obtain foreign currency from commercial sources shall be drawn in favor of the DO and endorsed to the order of the banking institution or commercial enterprise furnishing the funds.

130206. Repurchase From Individuals and Collections From Foreign Vendors. Subject to the provisions outlined in chapter 12 of this Volume, foreign currency may be repurchased from individuals. Foreign currencies may also be received as refunds from foreign vendors and in payment for sale of excess foreign property as provided in Defense Disposal Manual (DoD 4160.21-M). Foreign currency sales receipts from post offices, exchanges, commissaries, and other non-appropriated fund activities are not collections by the disbursing office. Foreign currency from these sources shall be acquired by purchase only to the extent necessary to acquire foreign exchange for the limited depository checking account.

130207. Fixed Legal Rate of Exchange. In a country where the rate of exchange has been established by agreement between the United States and the foreign country, the purchase of

foreign currency from commercial sources shall be accomplished without the formality of obtaining bids.

130208. Non-fixed Legal Rate of Exchange. When foreign currency is obtained from commercial sources in a country where the rate of exchange is not established by agreement between the United States and the foreign country, DD Form 2668, Request for Bid (Purchase/Sale) shall be used to obtain written bids (in duplicate) from not less than three legally authorized sources, if available. When practical, sources shall include those outside the country whose currency is being purchased. The bid providing the most beneficial exchange rate (to the U.S. Government) shall be certified by another commissioned officer as being the most beneficial of the bids obtained and shall be accepted by the DO. A copy of the certified and accepted bid shall be included as a supporting document with the DO's financial reports. The original certified and accepted bid shall be retained by the DO to substantiate the place of purchase in the event that some of the currency is eventually sold through commercial channels. See figure 13-1.

★130209. Mutilated or Unfit Currency. DOs and authorized agents shall take every possible precaution to prevent acceptance of mutilated or unfit foreign currency as a collection, payment, or an accommodation transaction. In the event that a DO or authorized agent is holding mutilated or unfit foreign currency, every effort shall be made to replace it through local banks or the host country's central bank. If the host country will not replace the mutilated or unfit currency, the procedures outlined in section 1303 below shall be followed.

★130210. Valuation of Foreign Precious Metal Coins. Any foreign gold, silver, or other precious metal coins purchased for purposes other than routine settlement of amounts owed, shall be treated as property held in inventory rather than currency.

#### ★1303 DISPOSITION OF FOREIGN CURRENCY AND OTHER NEGOTIABLE INSTRUMENTS

130301. Payments and Sales to Authorized Personnel. Foreign currency may be used for payments to personnel as provided in chapter 12

of this Volume and for payments to foreign vendors in accordance with Volume 10 this Regulation. In addition, DOs are authorized to dispose of foreign currency by sale (accommodation exchange) to authorized personnel for U.S. dollars as provided in chapter 12 of this Volume.

**130302. Disposition of Excess Foreign Funds.**

An attempt should be made to transfer those foreign currencies in excess of immediate disbursing requirements to other DOs and accountable officers in a particular locality who may have need for those currencies. Currencies in designated excess or near-excess currency countries must be acquired from sources provided by the U.S. Government. The American embassies in these countries should be contacted concerning their acquisition. In non-excess currency countries, DOs having temporary excess balances should initiate action to effect transfers with other DOs and accountable officers using like currencies. If the collection of foreign currency causes a non-interest bearing limited depositary checking account to exceed a 30-day supply and all attempts to sell the currency to other DOs or accountable officers have been exhausted, an interest bearing limited depositary account shall be established if possible, as provided in chapter 14 of this Volume. In such cases, the DO should immediately place all funds in excess of estimated draw-downs against the non-interest bearing account for the ensuing 14-day period in a demand or short-term interest bearing account, if such an account is available. However, excessive balances shall not be maintained to receive interest.

**130303. Sale to Another DoD DO**

**A. Checks, Drafts, and Money Orders.**

Checks, drafts, and money orders which are payable in foreign currency shall be sorted by the geographical location of the institutions on which they were drawn and shall be forwarded by registered mail or courier to a DoD DO located in the country of the monetary unit involved. The negotiable instruments shall be shipped as prescribed in chapter 05 of this Volume and shall be accompanied by a properly completed DD Form 165 and a letter of transmittal, both of which shall be addressed to "Disbursing Officer (activity of addressee)." The letter of transmittal shall request a U.S. Treasury exchange-for-cash check. The DD Form 165 shall

indicate the country, type, amount, exchange rate, and U.S. dollar value of the instruments. The instruments shall be endorsed: "Pay to the order of disbursing officer (activity of addressee). (Signature of sender)." If there is no DoD DO in the country involved, the instruments shall be deposited as prescribed in paragraph 130306 below.

**B. Foreign Currency (Cash).** Foreign currencies (other than local currency) and currencies that are not required for official purposes shall be forwarded to a DoD DO located in the same area who may require the currency or to a DO located in a country where the currency is legal tender. The foreign currency shall be exchanged for U.S. currency or a U.S. Treasury exchange-for-cash check. When delivery of the foreign currency is made by registered mail or courier, the shipment shall be made as prescribed in chapter 05 of this Volume and shall be accompanied by a properly completed DD Form 165 and a letter of transmittal requesting a U.S. Treasury exchange-for-cash check. The DD Form 165 shall indicate the country, type, amount, exchange rate, and U.S. dollar value of the foreign currency. Except under unusual circumstances and subject to concurrence by the intended recipient prior to shipment, foreign coins shall not be forwarded for exchange.

**C. Rate of Exchange.** The rate of exchange used for the transactions described above shall be the U.S. Treasury prevailing rate on the date of transmittal (for the seller) and the U.S. Treasury prevailing rate on the date of receipt (for the buyer). Since the U.S. Treasury prevailing rate is the holding rate for the receiving office there shall be no gain or loss in the receiving officer's accounts. Any gain or loss due to exchange rate fluctuations shall be taken up by the selling office when the exchange-for-cash check is received.

**130304. Sale to an MBF.** The sale of foreign currency to an MBF having use for such funds is authorized whenever the currency cannot be sold to another DoD DO. The rate of exchange used by the selling DO shall be the MBF buy rate on the date the currency is sent to the MBF. Any gain or loss incurred shall be taken up in the accounts of the selling DO upon receipt of the U.S. dollars from the MBF.

130305. Sale Through Commercial Channels. If foreign currency (cash) cannot be sold in accordance with the preceding paragraphs, sale through commercial channels is authorized. When the rate of exchange has been established by agreement between the United States and the foreign country, sale or other disposition of foreign currency for U.S. currency or U.S. dollar checks shall be at the established rate of exchange. When such a sale is made, the bank or other source to which the foreign currency is sold must provide a statement showing the amount of U.S. dollars provided, the rate of exchange, the amount of foreign currency received, the date, and the name and address of the bank or other source. This statement must be signed by a representative of the bank or other source and shall be included with the DO's financial reports. When the rate of exchange is not established by agreement between the United States and the foreign country, DD Form 2668 shall be used to request at least three bids from reputable banking institutions or dealers in foreign exchange, if available. The sale of foreign currency shall be made to the bidder submitting the bid most beneficial to the U.S. Government. The accepted bid shall be certified by a commissioned officer other than the DO as the most beneficial of the bids obtained and shall be accepted by the DO. The certified and accepted bid shall be submitted with the DO's financial reports in support of gains or losses in foreign currency transactions. See figure 13-2.

★130306. Deposits to the Credit of the U.S. Treasury

A. Instruments Drawn on Foreign Banks Payable in U.S. Dollars Through a Bank in the United States. Instruments drawn on foreign banks or branches of U.S. banks in U.S. dollars which are payable through a bank in the U.S. shall be deposited as prescribed in chapter 05 of this Volume for other U.S. dollar instruments. These instruments will have an American Bankers Association (ABA) routing and transit number in the upper right corner, and may be MICR encoded with the U.S. bank's routing and transit number at the foot on the left side of the instrument.

★ B. Instruments Drawn on Foreign Banks Payable in U.S. Dollars Through Foreign Banks. When disposition cannot be made

through a DoD DO or an MBF, instruments that are drawn in U.S. dollars on foreign banks and foreign branches of U.S. banks which are payable only at the foreign bank or branch shall be endorsed as prescribed in chapter 05 of this Volume and transmitted for deposit to Citibank, Global Check Clearing Collections, P.O. Box 5300, New Hyde Park, NY 11042-1119 (Telephone: (516) 355-7036 or 7097). A single SF 215 shall accompany all U.S. dollar foreign instruments forwarded to the Citibank on a single day. The SF 215 shall be completed as prescribed in chapter 05 of this Volume with the exception that Block 2 (Date Presented or Mailed to Bank) shall be left blank. Enter the date mailed in Block 6 (Agency Use). The record of instruments deposited required by chapter 05 of this Volume is also required for these checks. The amount of the deposit will be credited in the Treasury's General Account (TGA) upon receipt by Citibank, and the confirmed copies of the SF 215 will be returned to the depositing disbursing officer. The entire amount of the SF 215 is credited in the TGA upon receipt even though the proceeds of these types of checks may not be collected for several weeks. Therefore, disbursing officers should be aware that they may receive and SF 5515; Debit Voucher, if there are uncollectible checks or collection charges (also referred to as lifting fees) on these checks.

★ C. Instruments Drawn on Foreign Banks Payable in Foreign Currencies. When disposition cannot be made through a DoD DO or an MBF, instruments that are drawn on foreign banks and foreign branches of U.S. banks and payable only at the foreign bank or branch in foreign currency shall be endorsed as prescribed in chapter 05 of this Volume and transmitted for deposit to Citibank (same address as shown in the preceding paragraph). However, a separate SF 215 shall accompany each foreign currency instrument forwarded to the Citibank. The SF 215 shall be completed as prescribed in chapter 05 of this Volume, except that Block 2 (Date Presented or Mailed to Bank) and Block 4 (U.S. dollar amount) shall be left blank. Enter the date mailed in Block 6 (Agency Use). To permit duplication in the event an instrument becomes lost, destroyed, mutilated, or unfit, a description of each instrument shall be maintained by the DO. The front of the SF 215 or the back, if space is lacking on the front, shall be inscribed with: the name of the bank on which

the instrument is drawn; the medium of exchange; the foreign currency amount; and the date of the instrument. If adequate records are available to provide identification through an audit trail, or if checks are photocopied or micro-filmed, this additional record maintenance is not necessary. Upon collection of the instrument, Citibank will enter the date and U.S. dollar value on the SF 215 and return the confirmed copy to the DO.

★ D. Uncollected Checks and Collection Charges. The minimum U.S. dollar amount of each check that will be accepted for deposit by Citibank is \$5 (U.S.) for Canadian bank checks and \$15 (U.S.) for other foreign bank checks. All collection charges (lifting fees) incurred in connection with foreign checks (such as uncollectible check charges, exchange fees, and so forth), assessed after dollar credit has been given in the TGA, will be charged back to the depositor by an SF 5515 prepared by Citibank. These charges may be assessed some considerable period of time after the deposit is confirmed. Exchange fees and other collection charges (as distinguished from gains or losses as a result of differences between the DO's and Citibank's exchange rate) are collectible from the person or vendor who presented the instrument to the DO.

★ E. Deposit of Foreign Currency (Cash)

1. When disposition of foreign currency (cash) cannot be accomplished by any of the methods described above, the DO should contact the Bank of America's foreign currency trading desk at 1-800-387-1012. When answering, the foreign currency trader will ask for the 5-digit client number, 37539, as well as your 4-digit Agency Location Code (ALC), i.e., your DSSN. The client number is unique to the Department of Treasury. Your agency will be identified as an extension of the 5-digit client number using the ALC (DSSN). After accessing the client number, the trader will create a sublist of branches/agencies using the ALC (DSSN) and ask the caller for information to update the ALC profile (address, direct phone number, contact name).

2. The foreign currency trader will immediately provide a foreign currency conversion rate and the U.S. dollar equivalent

(USE). The Bank of America is able to provide the USE by contracting at that time to sell those foreign currencies for dollars. Therefore, if an agency notices a difference in the amount or type of currency specified over the phone, or a delay in shipment, the agency must immediately contact the Bank of America and inform them of the correction/difference.

3. A separate deposit ticket, Standard Form (SF) 215, for each type of currency, prepared by the agency, will accompany all foreign currency transactions forwarded by the agency. The SF 215 will indicate the agency mailing date, the ALC, and, in Block 4, the amount of the net U.S. dollar proceeds. In the agency use block of the SF 215, indicate the name of the foreign country, type and amount of foreign currency, and the 5-digit client number. Bank of America, upon sale of the currency, will give dollar credit through Ca\$h-Link, and return the confirmed copy of the SF 215 to the depositing officer.

4. If the DO makes a deposit ticket error, the Bank of America will adjust the error by preparing an SF 5515, Debit Voucher, for a decrease or an additional SF 215, Deposit Ticket, for an increase in the amount. Bank of America will provide an explanation of the adjustment on the SF 5515 or SF 215, including the original SF 215. Copies of the SF 5515 or SF 215 will be sent to the depositor.

5. For foreign currency found to be counterfeit, out of circulation, or outdated (having lesser value), Bank of America will prepare an SF 5515 and note thereon the date of receipt, the currency note, and the serial number. A facsimile copy of the counterfeit will be sent on request.

6. Shipping procedures

a. The requirements for shipment of public funds contained in section 0505 of this regulation must be complied with in all cases of shipment of foreign currencies together with the following.

b. For transactions under \$100 (USE), the U.S. Postal Service should be used. A sturdy brown envelope should be reinforced with standard shipping tape and



addressed to the P.O. Box listed below. Ship transactions under \$100 via certified mail.

c. For transactions between \$100 to \$5000 (USE), the envelopes should be packaged in the same manner as described above and addressed to the P.O. Box listed below, but shipped via registered mail. This type of shipment is covered by insurance provided by the Bank of America.

d. Address the above referenced currency shipments to:

Bank of America  
FCS-LAOC No. 4658  
P.O. Box 54529  
Los Angeles, CA 90054-0529

**DO NOT** mark or otherwise outwardly identify the contents of these shipments.

e. For transactions over \$5,000 (USE), the currency should be packaged and placed within a Brinks self-sealing shipping bag. Instructions for sealing the bags are on each bag. Should a bag be needed, the Bank of America will instruct Brinks to arrive for pick-up with a bag or forward bags via Federal Express. Where service is not available by Brinks, an alternate method may be arranged. Package the currency tightly, enclose in a Brinks shipping bag, and address to:

Bank of America  
Foreign Currency Services  
525 South Flower Street, B-Level  
Los Angeles, CA 90071

7. Trading Hours. The Bank of America trading center is open 8:00 a.m. to 8:00 p.m. EST, Monday through Friday. The trading center is closed only when both Canadian and U.S. Holidays coincide; for example, New Year's and Christmas. Should Saturday access be required, prior arrangements can be made with Bank of America.

★130307. Accounting for Deposits

★ A. Foreign Negotiable Instruments. Pending receipt of the confirmed copy of the SF 215 for the negotiable instruments as described in paragraph 130306.C above, the deposit shall

be recorded on line 6.7 of the DD Form 2657 as Cash in Transit at the U.S. dollar value of the funds when the deposit was mailed. If the confirmed copy of the SF 215 is not received prior to the end of the month in which mailed, the item shall also be reported on line 6.7 of the SF 1219 as Cash in Transit. The depository will enter the net U.S. dollar proceeds in Block 4 of the SF 215 and distribute the copies as for any regular deposit. Upon receipt of the confirmed copy, the DO shall enter the confirmed amount on line 4.2A of the DD Form 2657 as a Deposit Presented or Mailed to Bank and on line 6.7 as a decrease to Cash in Transit. Any difference in the amount of the confirmed SF 215 and the amount at which carried by the DO on line 6.7 (as distinguished from exchange fees and collection charges) shall be accounted for as either a gain or a loss by exchange transaction as prescribed in section 1304 below. Note that deposits of foreign negotiable instruments in accordance with this section are not reported as "Deposits Presented or Mailed to Bank" until the confirmed copy of the SF 215 is received. This requirement is because the U.S. dollar value to be reported as deposited is not known to the DO until the confirmed copy is received.

★ B. Foreign Currency (Cash). Since the U.S. dollar equivalent of the foreign currency deposit made as prescribed in paragraph 130306.E above was provided by the Bank of America's foreign currency trading desk and entered in Block 4 of the SF 215, account for the deposit as prescribed in paragraph ?.

130308. Dishonored Foreign Checks, Drafts, and Money Orders. Dishonored foreign instruments received by DoD DOs shall be subject to regular debt collection procedures as prescribed in chapter 04 of this Volume. When dishonored instruments received in providing accommodation exchange services prove to be uncollectible, the DO shall request removal of the dishonored check item deficiency from the servicing DFAS Center as prescribed in chapter 04 of this Volume.

★130309. Mutilated or Unfit Foreign Currency. Mutilated or unfit foreign currency shall be handled by a DO in the area in which the currency is legal tender. DOs in foreign areas shall contact local banks or fiscal authorities and arrange for the exchange of mutilated or unfit

currency for fit currency. Unfit foreign currency held by a DO outside the area in which the currency is legal tender shall be forwarded to a DoD DO in the country where the currency is legal tender. The currency shall be shipped under a properly completed DD Form 165 and a letter of transmittal requesting a U.S. Treasury exchange-for-cash check. Any mutilated or unfit foreign currency which the DO cannot exchange for fit currency or a U.S. Treasury check shall be forwarded to: Chief, Paying and Receiving Division, Cash Department, Federal Reserve Bank of New York, Foreign Department, 33 Liberty Street, New York, NY 10045. The shipment shall be accompanied by a letter of transmittal, a properly completed DD Form 165 and an SF 215. The SF 215 shall be completed as prescribed in chapter 05 of this Volume except that Block 4 (U.S. dollar amount) shall be left blank. A separate SF 215 shall be prepared for each type of foreign currency. The letter of transmittal shall contain: specific instructions to sell the enclosed currency and credit the U.S. dollar proceeds in the Treasury's account; and a description of each currency which includes the name of the foreign country, name of the foreign currency, and total foreign currency amount. Upon sale of the currency, FRB New York will enter the amount of the net U.S. dollar proceeds on the SF 215 and distribute the confirmed copies under established procedures. To avoid foreign currency exchange losses, disposition of foreign currencies by deposit through the FRB New York shall not be made until all other methods of disposition outlined in this section have been determined to be impractical.

130310. Counterfeit or Altered Foreign Currency. Counterfeit or altered foreign currency shall be disposed of in accordance with any applicable agreement which may exist between the United States and the foreign country. If no agreement exists, the currency shall be forwarded to the appropriate investigative agency or to the nearest military security agency. A receipt for the currency shall be obtained. The counterfeit currency shall be accounted for in the DO's records in the same manner prescribed in chapter 05 of this Volume for counterfeit U.S. currency. When the DO is considered at fault in acquiring counterfeit currency, the DO shall be held accountable for the value of the currency. Requests for relief may be submitted under the same guidelines that would be used for counterfeit U.S. currency.

## 1304 FOREIGN CURRENCY EXCHANGE RATES

### 130401. U.S. Treasury Prevailing Rate of Exchange

A. General. Exchange transactions for official expenditures or accommodation exchange purposes shall be computed to avoid losses, due to fluctuations in rates of exchange, as much as possible. Unless otherwise authorized by Treasury, the rate used in converting foreign currency expenditures to U.S. dollars for accounting purposes shall be the Treasury prevailing rate. This rate is the most favorable rate that would legally be available to the U.S. Government for the acquisition of foreign currency for its official disbursements and accommodation exchange transactions. All foreign currency (including the limited depositary checking account) held by the DO shall be carried in the disbursing account at the prevailing rate. In countries where there is no MBF under DoD contract, accommodation exchange services shall be conducted at the Treasury prevailing rate. In countries served by MBFs under DoD contract, DOs providing accommodation exchange services shall both acquire needed foreign currencies from the MBF and make those exchanges at the MBF accommodation rate. A separate log shall be maintained for local currency acquired and held for accommodation purposes.

B. Gain or Loss by Revaluation. Any change in the Treasury prevailing rate will result in a gain or loss by revaluation since revaluation is a change in the U.S. dollar value of the foreign currency. Upon receipt of notification of a change in valuation due to official government action, the DO shall immediately effect the change in his or her disbursing account. Whenever possible, the revaluation of foreign currency on hand (including the limited depositary checking account) shall be accomplished at the beginning of the business day in which a change in the prevailing rate occurs. The new U.S. dollar value shall be determined by dividing the total foreign currency on hand (including the limited depositary checking account) by the new exchange rate. By comparing the U.S. dollar value at the old rate to the U.S. dollar value at the new rate, a determination of whether a gain or loss by revaluation has occurred can be made. Because all foreign currency held by the DO is

carried in the disbursing account at the U.S. dollar value, the U.S. dollar value must be adjusted by the amount of the gain or loss. This adjustment is accomplished by recording the gain or loss by revaluation as a collection or disbursement transaction in the account.

C. Certificate of Revaluation. A certificate of revaluation shall be prepared and signed by the DO. The certificate shall support and be attached to the voucher prepared to record the gain or loss by revaluation. See figure 13-3 for an example of the certificate.

D. Accounting for Gains or Losses by Revaluation and Exchange Transactions. All gains or losses by revaluation of foreign currency or accommodation exchange transactions shall be credited or charged as applicable, (using DD Form 1131 or SF 1034) to the appropriation Gains and Deficiencies on Exchange Transactions, \*\*-6763. The certificate of revaluation prescribed in the preceding paragraph shall be attached to the voucher to support the transaction. For balance of payments purposes, credits and charges to appropriation \*\*-6763 are coded as U.S. transactions. Appropriation \*\*-6763 shall be used only for gains and losses due to foreign currency transactions or for changes in the exchange rate of foreign currency held by the DO and as prescribed in chapter 04 of this Volume. The appropriation shall not be used for operational expenses in connection with the acquisition or disposition of foreign currency or any other purpose not specifically authorized by law. Note that appropriation \*\*-6763 is not related to and should not be confused with the Foreign Currency Fluctuations, Defense (FCFD) and the Foreign Currency Fluctuations, Construction, Defense (FCFCD) accounts that are used to account for the difference between budgeted foreign currency rates and the exchange rate at which funds are obligated. The FCFD and FCFCD portion of a foreign currency payment are treated separately on the disbursing document by the preparer as a charge to the appropriate foreign currency centrally managed allotment account set up for that purpose.

#### ★130402. Fluctuating Rates

★ A. General. The rates of nearly all major foreign currencies fluctuate frequently due to changing market conditions. In countries

where the rate of exchange is not established by agreement between the U.S. Government and the foreign country, these currencies will be expended from the disbursing officer's accounts at the average purchase rate of the currency on hand.

★ B. Average Purchase Rate. When the amount of foreign currency on hand (including the depository checking account(s)) is increased by purchase or transfer from another disbursing officer at a rate different from the disbursing officer's current holding rate, a new average purchase rate will be determined. No gain or loss will result.

1. Averaging Method. The average purchase rate is determined by adding the U.S. dollar equivalent value of the foreign currency on hand prior to the new acquisitions to the U.S. dollar equivalent value of the additional foreign currency received and dividing the total into the new total of foreign currency units on hand. Average rates will be rounded to two decimal places as is customarily used in business transactions. Due to this rounding, the ratio of foreign currency units to dollars may vary as the supply of foreign currency is depleted. However, the disbursing officer will not adjust his or her average rate until new foreign currency units are acquired. If possible, the average value of foreign currency on hand should be determined at the beginning or end of the business day.

2. Certificate of Change in Average Purchase Rate. A Certificate of Change in Average Purchase Rate, similar to the example provided in figure 13-4, will be prepared and signed by the disbursing officer or deputy. The certificate will be submitted with the Statement of Accountability (SF 1219). If it is necessary to recompute the average purchase rate of foreign currency on hand during a business day, the certificate of revaluation will include a citation of the voucher numbers of the last disbursement and collection voucher executed under the old rate of exchange. If none have been executed during the current business day, indicate none.

#### 1305 CONTRIBUTED CURRENCIES

130501. Policy. The policy for utilization of contributed currencies and the types of expenses which are authorized to be paid with the contrib-

uted currencies are prescribed in DoD Instruction 2110.31 (reference (au)).

130502. Procurement. Designated DoD DOs shall purchase contributed currency from Department of State DOs with U.S. Treasury exchange-for-cash checks or U.S. currency. The amount of contributed currency on hand shall be limited to current cash requirements as prescribed in chapter 03 of this Volume.

130503. Utilization. Contributed currency shall be utilized to the maximum extent possible in lieu of U.S. currency or other purchased foreign currency for expenditures authorized to be paid in contributed currency.

130504. Accounting. Contributed currencies shall be recorded and reported in the DO's account in the same manner as other foreign currencies. The regularly prescribed foreign currency records and reports shall be maintained and submitted in the usual manner. In addition, appropriate internal controls shall be established as necessary to identify acquisitions and dispositions of contributed currencies and to provide a record of contributed currency transactions. Additional local records shall be maintained and reports made concerning utilization of contributed currency as may be prescribed by commanders responsible for administration of the Security Assistance Program.

REQUEST FOR BID (Purchase/Sale)			
<b>SECTION I - PURCHASE</b>			
1. DISBURSING ACTIVITY NAME AND LOCATION USS FAIRFAX COUNTY (LST-1193) FPO AE 09569-1814			2. DSSN 8289
3. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER BANCA COMMERCIALE ITALIANA BRINDISI, ITALY			
PLEASE INDICATE THE NUMBER OF CURRENCY UNITS DESCRIBED IN ITEM 4 YOU WILL FURNISH IN EXCHANGE FOR EITHER A CHECK DRAWN ON THE TREASURER OF THE UNITED STATES OR UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 5.	4. NAME OF FOREIGN CURRENCY REQUESTED ITALIAN LIRE	5. U. S. DOLLAR AMOUNT \$10,000.00	
6. DISBURSING OFFICER NAME, RANK OR GRADE WILLIAM B. ELLIS, ENS, SC, USNR	7. DISBURSING OFFICER'S SIGNATURE	8. DATE JUNE 22, 19XX	
OFFER IS MADE TO FURNISH THE NUMBER AND TYPE OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 9. THE FORM OF PAYMENT REQUESTED FOR THIS CURRENCY IS INDICATED IN ITEM 10.	9. UNITS AND TYPE OF FOREIGN CURRENCY OFFERED 19,830,000 ITALIAN LIRE	10. PAY BY (Check one) a. CHECK      b. CASH XXX	
11. NAME AND TITLE OF OFFERING OFFICIAL G. C. PAVALONI, VICE PRESIDENT	12. SIGNATURE OF OFFERING OFFICIAL	13. DATE JUNE 24, 19XX	
14. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS 3	c. COMMISSIONED OFFICER NAME AND SIGNATURE JOSEPH L. SMITH, LT, USN	d. DATE JUNE 25, 19XX
15. BID ACCEPTED	16. DISBURSING OFFICER NAME AND SIGNATURE WILLIAM B. ELLIS	17. DATE JUNE 25, 19XX	
<b>SECTION II - SALE</b>			
18. DISBURSING ACTIVITY NAME AND LOCATION			19. DSSN
20. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER			
PLEASE INDICATE THE AMOUNT IN UNITED STATES DOLLARS YOU WILL FURNISH IN EXCHANGE FOR THE NUMBER OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 21.		21. NUMBER AND NAME OF FOREIGN CURRENCY UNITS	
22. DISBURSING OFFICER NAME, RANK OR GRADE	23. DISBURSING OFFICER'S SIGNATURE	24. DATE	
OFFER IS MADE TO FURNISH UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 25 FOR THE CURRENCY SPECIFIED ABOVE.		25. AMOUNT OF UNITED STATES DOLLARS OFFERED	
26. NAME AND TITLE OF OFFERING OFFICIAL	27. SIGNATURE OF OFFERING OFFICIAL	28. DATE	
29. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS	c. COMMISSIONED OFFICER NAME AND SIGNATURE	d. DATE
30. BID ACCEPTED	31. DISBURSING OFFICER NAME AND SIGNATURE	32. DATE	
33. REMARKS			

DD Form 2668, AUG 93

Figure 13-1. Sample DD Form 2668, Request for Bid (Purchase/Sale) (Purchase of Currency)

REQUEST FOR BID (Purchase/Sale)			
<b>SECTION I - PURCHASE</b>			
1. DISBURSING ACTIVITY NAME AND LOCATION		2. DSSN	
3. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER			
PLEASE INDICATE THE NUMBER OF CURRENCY UNITS DESCRIBED IN ITEM 4 YOU WILL FURNISH IN EXCHANGE FOR EITHER A CHECK DRAWN ON THE TREASURER OF THE UNITED STATES OR UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 5.	4. NAME OF FOREIGN CURRENCY REQUESTED	5. U. S. DOLLAR AMOUNT	
6. DISBURSING OFFICER NAME, RANK OR GRADE	7. DISBURSING OFFICER'S SIGNATURE	8. DATE	
OFFER IS MADE TO FURNISH THE NUMBER AND TYPE OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 9. THE FORM OF PAYMENT REQUESTED FOR THIS CURRENCY IS INDICATED IN ITEM 10.	9. UNITS AND TYPE OF FOREIGN CURRENCY OFFERED	10. PAY BY (Check one)	
		a. CHECK	b. CASH
11. NAME AND TITLE OF OFFERING OFFICIAL	12. SIGNATURE OF OFFERING OFFICIAL	13. DATE	
14. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS	c. COMMISSIONED OFFICER NAME AND SIGNATURE	d. DATE
15. BID ACCEPTED	16. DISBURSING OFFICER NAME AND SIGNATURE		17. DATE
<b>SECTION II - SALE</b>			
18. DISBURSING ACTIVITY NAME AND LOCATION USS FAIRFAX COUNTY (LST-1193) FPO AE 09569-1814		19. DSSN 8289	
20. NAME AND ADDRESS OF BANK, FINANCIAL INSTITUTION, OR FOREIGN EXCHANGE DEALER BANCA COMMERCIALE ITALIANA BRINDISI, ITALY			
PLEASE INDICATE THE AMOUNT IN UNITED STATES DOLLARS YOU WILL FURNISH IN EXCHANGE FOR THE NUMBER OF FOREIGN CURRENCY UNITS INDICATED IN ITEM 21.		21. NUMBER AND NAME OF FOREIGN CURRENCY UNITS 9,900,000 ITALIAN LIRE	
22. DISBURSING OFFICER NAME, RANK OR GRADE WILLIAM B. ELLIS, ENS, SC, USNR	23. DISBURSING OFFICER'S SIGNATURE	24. DATE JULY 12, 19XX	
OFFER IS MADE TO FURNISH UNITED STATES DOLLARS IN THE AMOUNT INDICATED IN ITEM 25 FOR THE CURRENCY SPECIFIED ABOVE.		25. AMOUNT OF UNITED STATES DOLLARS OFFERED \$5,000.00	
26. NAME AND TITLE OF OFFERING OFFICIAL G. C. PAVALONI, VICE PRESIDENT	27. SIGNATURE OF OFFERING OFFICIAL	28. DATE JULY 12, 19XX	
29. CERTIFICATION			
a. CERTIFIED TO BE THE MOST BENEFICIAL BID.	b. NUMBER OF BIDS 3	c. COMMISSIONED OFFICER NAME AND SIGNATURE JOSEPH L. SMITH, LT, USN	d. DATE JULY 13, 19XX
30. BID ACCEPTED	31. DISBURSING OFFICER NAME AND SIGNATURE WILLIAM B. ELLIS		32. DATE JULY 13, 19XX
33. REMARKS			

DD Form 2668, AUG 93

Figure 13-2. Sample DD Form 2668, Request for Bid (Purchase/Sale) (Sale of Currency)

PERSONNEL SUPPORT ACTIVITY FAR EAST  
YOKOSUKA, JAPAN

August 30, 19XX

CERTIFICATE OF REVALUATION OF FOREIGN CURRENCY  
AS THE RESULT OF A CHANGE IN THE PREVAILING RATE

Value of Japanese yen changes from 125 yen per U.S. dollar to 127 yen per U.S. dollar as of this date in accordance with instructions furnished by Headquarters United States Forces, Japan.

Revaluation of yen on hand	<u>Yen</u>	<u>U.S.Dollars</u>
Aug. 28, 19XX - Old rate	2,500,000 at 125/\$1.00	\$20,000.00
- New rate	2,500,000 at 127/\$1.00	<u>19,685.04</u>
Loss by revaluation		\$ 314.96

The loss by revaluation of \$314.96 expended on DOV 12345 dated August 30, 19XX.

J. A. HANCOCK  
Symbol 6870

Figure 13-3. Sample Format for Certificate of Revaluation

3RD FORCE SERVICE SUPPORT GROUP  
FLEET MARINE FORCE  
FPO SAN FRANCISCO

October 4, 19XX

CERTIFICATE OF CHANGE IN AVERAGE PURCHASE RATE

	<u>Yen</u>	<u>U.S.Dollars</u>
Total amount of Japanese Yen on hand at close of business October 3, 19XX	220,000 at 98/\$1.00	\$2,244.90
Japanese Yen received this date through sale of Treasury check No. 196,240 for \$10,000	<u>200,000</u> at 102/\$1.00	<u>\$1,960.78</u>
Totals	420,000	\$4,205.68

420,000 Yen divided by \$4,205.68 equals 100/\$1.00, averaged new rate for on hand Japanese Yen, based on its prior purchase exchange rate and the new exchange purchase rate for the Yen purchased on October 4, 19XX.

No collection or disbursement vouchers processed this date prior to revaluation of Japanese Yen.

J. A. HANCOCK  
Symbol 6870

★Figure 13-4. Sample Certificate of Change in Average Purchase Rate



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## CHAPTER 14

LIMITED DEPOSITARY CHECKING ACCOUNTS1401 INTRODUCTION

140101. Authority. DOs outside the United States are authorized to maintain official limited depositary checking accounts (LDAs) in foreign currency with banks which have been designated by the Treasury as "Depositaries of Public Monies of the United States." LDAs in U.S. dollars shall not be established unless specific authority is first obtained from the Deputy Director for Finance, DFAS Headquarters, 1931. Jefferson Davis Highway., Arlington, VA 22240-5291, through the servicing DFAS Center.

★140102. Opening LDAs. All DOs requiring an LDA shall formally request approval and designation of the financial institution (if other than a contract MBF) as an authorized depositary from Treasury through the servicing DFAS Center. Treasury's policy in selecting the financial institutions that will maintain U.S. Government operating accounts per 31 U.S.C. 3303 (reference (o)) is predicated on the most beneficial banking arrangement available to the U.S. Government to transact essential business. After contract MBFs, preference will be given to American financial institutions unless a local bank's arrangement is more advantageous to the U.S. Government. When anticipating establishment of a new LDA (in other than a contract MBF), the DO shall solicit all American-owned and leading local financial institutions in the area to determine which will offer the most beneficial arrangement. An existing LDA may be solicited by a financial institution at any time and shall be deemed open to all interested financial institutions if it is determined that a soliciting financial institution: (1) offers a more beneficial banking arrangement than currently received; or, (2) reflects a higher level of American ownership than the present limited depositary. For each account, the DO should periodically determine if it may be cost effective to solicit competitive proposals from all American-owned and leading financial institutions in the area to secure the most beneficial banking agreement. The solicitation process of the banks shall be competitive, with all banks submitting written information on identical questionnaires or requests for (banking) propos-

als. In determining the most beneficial banking arrangement, the DO shall consider the following three areas of service in descending order of importance: standard operating services minimally required; customary local banking practices; and, other special services that may be deemed necessary in a particular country or circumstance. At a minimum, the required services shall be:

A. The capability to honor payments to payees in outlying areas.

B. The processing of checks and deposits.

C. The submission of a daily or a monthly bank statement as needed.

D. The acceptance of the DO's funding procedures.

In addition, any customary banking practices (payment of interest on the account, waiver of miscellaneous charges, etc.) peculiar to a particular country shall be considered for purposes of carrying out the provisions of reference (o). Consideration shall also be given to special services a bank would be willing to provide in addition to the minimum required and customary local banking services (e.g., telex cost, armored car service, etc.) if services offered above are equivalent in separate proposals. The checking account balances (or the forfeiture of potential interest earnings on the account) shall not be used to subsidize banking services that would otherwise be funded through the appropriation process. Daily balances in the LDA shall be as near zero as possible. Otherwise, the level of the balance to be maintained in the account shall be determined solely by disbursing requirements. The DO should formally convey the results of the competitive process and its recommendation for selection to Treasury as a part of the request for approval and designation of the depositary. The letter request for approval and designation shall be addressed to the Financial Management Service, Department of the Treasury, Liberty Center, Washington, DC 20227, through the

servicing DFAS Center and should state the name and location of the financial institution recommended to be designated (regardless of possible previous designations).

140103. Interest on Deposits. In certain cases, Limited Depositaries (LDs) will pay interest on checking accounts. Whenever possible, the DO should obtain interest on the LDA. However, excessive balances shall not be maintained to receive interest. If the collection of foreign currency causes a non-interest bearing LDA to exceed a 30-day supply and all attempts to sell the currencies to other DOs have been exhausted, an interest bearing account shall be established if possible. In such cases, the DO should immediately place all funds in excess of estimated draw-downs against the non-interest bearing account for the ensuing 14-day period in a demand or short-term interest bearing account, if available. The deposit shall be placed with a bank that has been designated as a Depositary of Public Moneys by Treasury. The DO shall place the excess funds in an interest bearing account with the bank that maintains the checking account, unless a more beneficial banking arrangement can be made promptly with another LD. The DO shall canvass the market to obtain the highest interest rates legally available commensurate with disbursing requirements. The DO is responsible for monitoring the interest bearing accounts to ensure that interest is being paid on a timely basis and per agreements reached between the DO and the banks. Upon notification that interest has been credited to the account, the DO shall prepare a DD Form 1131 crediting \*\*1435, General Proprietary Interest, Not Otherwise Classified, for the U.S. dollar equivalent of the interest. The transaction shall be recorded as a collection and an increase of cash on deposit in the LDA.

#### 1402 ESTABLISHMENT OF LIMITED DEPOSITARY CHECKING ACCOUNTS

140201. Establishment Procedure. LDAs shall be established in the name of the activity to which the DO is assigned. Authority to sign checks drawn on the LDA shall be limited to the DO and such other deputies or agents that the DO may appoint. Normally only one LDA is authorized. However, a separate LDA may be established for each type of foreign currency used by the DO in official transactions.

140202. Letter of Authorization. The commander shall certify by letter the name and rank of the DO assigned to the activity and that the DO is authorized to maintain accounts with official funds of the United States in the name of the activity. The letter shall certify that the account is to be subject to checks issued by the DO, his or her successors in office, and such other deputies as he or she may appoint. The letter shall contain a specimen of the DO's official signature and a certification that the signature is that of the DO. The letter shall also request the bank to acknowledge acceptance by endorsement of the letter in triplicate. The bank should retain the original letter and return 2 copies to the activity.

#### 140203. Blank Limited Depositary Checks

A. Procurement. LDA checks are not available through the Treasury check contract. LDA checks should be ordered from the bank where the LDA is maintained.

B. Print Order Requirements. LDA checks should be requested in a continuous-form format for mechanized systems. LDA checks shall be overprinted to provide: the serial number of the check; name of the activity; any limited payability notices as may be applicable in the foreign nation; and, information necessary for security, accounting for check issues, and other requirements as specified by the servicing DFAS Center.

C. Cost. The procurement cost of blank LDA checks shall be charged to the disbursing activity O&M fund.

D. Security. Blank LDA checks shall be controlled and safeguarded under the same guidelines prescribed for Treasury checks in chapter 07 of this Volume. In the event blank LDA checks are lost or stolen, the DO shall immediately notify the LD of the serial numbers of the checks involved. A stoppage of payment shall be placed against the checks and a copy of the stoppage of payment shall be submitted with the next original LDA reports.

E. Relief of DO. Unused LDA checks shall be transferred to and used by the relieving officer with no change in serial numbers.

F. Limited Depositary Account No Longer Required. When an LDA is no longer required or when a disbursing office is deactivated, all unused blank LDA checks shall be voided and destroyed using the guidelines prescribed in chapter 08 of this Volume for Treasury checks.

#### 1403 MAINTAINING A LIMITED DEPOSITARY CHECKING ACCOUNT

##### 140301. Preparation of Limited Depositary Checks

A. General. LDA checks should be prepared by typewriter or by automated check writing equipment, if available.

B. Record of Check Issues. DOs shall maintain a record of every LDA check issued. The record shall contain at least the payee, the voucher number, the amount (in the currency of the check), the check serial number, the date of the check, and shall identify the activity name under which the account is established. Other information as to the purpose for which the check was issued and local identification codes are optional and subject to the discretion of the issuing DO. The record may be on paper or in a media designed for data processing use (paper tape, diskette, or magnetic tape). A separate record shall be kept for each LDA checking account. Records of check issues shall be included with retained disbursing records.

140302. Disbursement Vouchers. When a payment is made by check drawn on an LDA, the notation "LDA Check No. \_\_\_\_\_," shall be entered on the disbursement voucher. Although a receipt is not generally required for a payment made by check, certain LDs outside the United States are prohibited by local law from returning paid checks to the drawer. In these cases, the voucher on which such an LDA check payment appears shall evidence receipt of payment in one of the ways described in the following paragraphs.

A. Signature on Original Voucher. The original voucher shall be submitted as a part of the financial reports for the month of payment.

B. Periodic Statements From Depositary. Periodic statements from the LD listing the

paid checks by number and amount, certified by an officer of the bank and by the DO shall be satisfactory evidence of payment. The certificate of the bank should be to the effect: "I certify that the above is a true and correct list of all checks paid by this bank and charged to the account shown in the heading during the period covered by this statement and that the originals of such checks are on file in this bank and are required to be held for \_\_\_\_ years." The certificate of the DO shall be to the effect that the bank statement has been reconciled with the disbursing records and found to be in agreement therewith.

140303. Delivery of Checks. Delivery of LDA checks shall be as prescribed in chapter 08 of this Volume. However, LDA checks shall not be mailed outside the country in which the LDA is located.

140304. Irregularity After Delivery of Checks. When an irregularity is discovered after a check has been delivered and the check is still outstanding, immediate action shall be taken to stop payment of the check. A complete report of the facts shall accompany the request for stoppage. If the irregularity is discovered after the check has been paid, the depositary shall be notified of the irregularity.

##### 140305. Review of Limited Depositary Checking Accounts

★ A. Commander's Review. Commanders shall require a review of LDAs maintained by DOs to ensure compliance with the requirements set forth in this Volume. This review should be accomplished by the quarterly cash verification team required by chapter 03 of this Volume. Reviews shall be performed quarterly, upon transfer of accountability to a successor DO, upon deactivation of the LDA, or upon a change in the designated settlement office. Quarterly reviews shall be unannounced. Reviews shall also be accomplished prior to the departure of the DO from the command.

B. DO's Review. DOs shall review the LDA on a continuing basis to ensure that: account balances are maintained at the minimum amount necessary to meet immediate disbursement needs (checks issued and in process) and are commensurate with the activity in the LDA; balances in excess of immediate needs are

promptly withdrawn and deposited with the Treasury; and, terms negotiated with the depository are favorable to the Government, including interest on the account at the highest possible rate.

#### 1404 VOIDED AND SPOILED LIMITED DEPOSITARY CHECKS

140401. General. Original LDA checks that are not to be issued shall be treated as voided or spoiled checks. All LDA checks shall be accounted for by the DO who has been authorized to establish the LDA. Checks shall be voided or spoiled because of: errors in the writing of the check (wrong name, amount, etc.); withdrawal of the voucher by the applicable functional area; or, because the check is physically damaged during preparation. These checks shall be conspicuously marked so they may not be cashed, either in error or through fraud. Separate listings of voided and spoiled checks shall be prepared each month and attached to the SF 1149, Statement of Designated Depository Account.

140402. Voided Checks. The functional area authorizing the payment of a voucher shall determine when a check is to be voided. The determination shall be based on the payee's non-entitlement to the payment, or an error in the way the check is drawn. Voided checks are not reported as checks issued in the check report of the DO. They shall be rendered non-negotiable by stamping, marking or writing the words, "VOID - NOT NEGOTIABLE, NO CHECK ISSUED UNDER THIS NUMBER" on the face of the check in large prominent letters. The marking on the check shall be applied immediately after the determination is made to void the payment. No unmarked voided checks shall be stored in the safe or vault of the DO or any deputies or agents. At the end of each month a listing of voided checks shall be prepared and forwarded with the monthly SF 1149. The listing shall be in check number sequence of the checks, titled "Voided Checks", and show the accounting month; the name of the LD; and, the checking account number. The original of all voided checks shall be submitted with the listing.

140403. Spoiled Checks. The disbursing division issuing the check shall determine when a check is to be reported as spoiled. The determination shall be based on the physical appearance

of the check (mutilated, torn, not whole, smudged, unreadable, etc.) or upon the discovery of an error in the preparation of the check (voucher correct and the check data does not match the voucher). A separate listing (in check number sequence) of spoiled checks shall be prepared at the end of each month. The listing shall be titled "Spoiled Checks" and show the accounting month; the name of the LD; and, the checking account number. The listing and the original spoiled checks shall be attached to, and forwarded with, the monthly SF 1149. Spoiled checks shall be replaced by a control check (if available to the DO from the depository) or another serially numbered check.

##### A. Replacement by Control Check

Disbursing offices using control checks as replacements for spoiled checks shall print the serial numbers of the spoiled checks on the control checks and verify their accuracy prior to release. Control checks are not pre-serial numbered but they do bear an audit control number for identifying and tracking their use. The original serial number of the spoiled check shall be placed on the control check in the same relative position where it appeared on the original check. The original spoiled check shall be rendered non-negotiable by writing, marking or stamping the face of the check "SPOILED - NOT NEGOTIABLE, REPLACEMENT ISSUED UNDER CONTROL NUMBER \_\_\_\_". The audit control number from the control check shall be inserted in the blank area of this statement on the original check. Replacement by a control check causes no change in the depository check records or the LDA because the original spoiled check serial number is carried on the control check.

##### B. Replacement by Another Serially Numbered Check

When it is necessary to issue another serially numbered check to replace a spoiled check, the next available numbered check shall be used. Except for the check serial number and the check issue date, the information on the check shall be identical to what appeared on the original check. The replacement check shall be dated on the date of issue. The original check shall be rendered non-negotiable by writing, marking or stamping the face of the check "SPOILED - NOT NEGOTIABLE, REPLACEMENT ISSUED UNDER CHECK NO. \_\_\_\_ DATED \_\_\_\_". The words "Issued to Replace

Check No. \_\_\_\_\_" shall be inscribed on every replacement check in the lower left-hand corner of the face of the check. This same information shall also be shown on the detailed record of checks issued.

#### 1405 TRANSFERRING THE PROCEEDS OF LIMITED DEPOSITARY CHECKS

140501. General. After an LDA check has been issued events may occur that require transferring the proceeds of the check to the Treasury or to the original appropriation. The most frequent occurrence of transferring the proceeds of LDA checks is when outstanding check amounts are transferred to the Treasury as uncurrent. An uncurrent LDA check is one that has not been negotiated through the LD one full fiscal year after the fiscal year in which it was issued. The transfer of LDA check proceeds may also be caused by undeliverable checks and by checks due deceased or incompetent payees.

140502. Uncurrent Check Transfers. Proceeds of uncurrent checks shall be transferred to Treasury in October of each fiscal year. The DO who issued the original check, the successor to that DO, or a settlement office designated by the servicing DFAS Center shall make the transfer. The procedures for the transfer are explained below. **NOTE:** If the laws of the nation in which the LDA is located provide that the negotiable period of a check is less than one full fiscal year after the date of issue, the DO shall comply with those laws in carrying out these procedures.

##### A. Open Limited Depositary Accounts

###### 1. Preparation of Check Listing.

Prepare a separate check listing in an original and 4 copies for each LDA with a heading showing the name and location of the disbursing office and the name and location of the LD. Each listing shall show the uncurrent LDA checks in ascending numerical order and provide for each check the: issue date; check number; name of the payee; amount of the check in foreign currency; and, U.S. dollar equivalent of the check at the time it was issued (as shown on the payment voucher). The check listing shall also show the total amount of foreign currency units and the total U.S. dollar equivalent of all checks on the listing. The total U.S. dollar

equivalent at the time the checks were issued shall be the amount transferred to the Treasury account, Proceeds and Payment of Certain Unpaid Checks, 20X6045.

###### 2. Stop Payment Notice to LD.

The DO shall immediately give a copy of the uncurrent check listing to the LD and request the LD to place stop payments on all the checks on the listing. The LD shall be instructed to advise all payees presenting checks shown on the listing to submit the checks to the disbursing office for transmittal to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548, for settlement.

3. Method of Transfer. The DO shall prepare an OF 1017-G, Journal Voucher which shall serve as the basis to purchase the amount of foreign currency units represented by the outstanding checks. The DO shall then complete the purchase by issuing a Treasury check payable to the U.S. Treasury for the U.S. dollar equivalent as shown on the check listing. A complete explanation of the transaction shall be written on the OF 1017-G giving the date, the check serial number, and the DSSN of the activity issuing the Treasury check. The OF 1017-G shall support the increase in the LDA checkbook balance, and the transaction shall be reported on line 6 of the SF 1149. A copy of the OF 1017-G shall be attached to the uncurrent check listing and forwarded with the Treasury check to Treasury as provided in subparagraph 140502.A.5 below.

###### 4. Accounting for the Transfer.

To maintain the DO's accountability, several actions shall be accomplished in the daily business at the close of the business day on which the transfer occurs. The Treasury check shall be reported in the daily business as "Checks Issued on U.S. Treasury". "Cash on Deposit in Designated Depositary" shall be increased in the same U.S. dollar amount as the Treasury check. The LDA checkbook balance shall be increased by the total amount of foreign currency units as shown on the check listing. The current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added above) shall be computed using the current rate of exchange. The computed total U.S. dollar equivalent of the LDA checkbook balance shall then be compared to the total U.S. dollar equivalent

shown as "Cash on Deposit in Designated Depository". Any difference in total U.S. dollar equivalents shall be vouchered as a gain or loss by exchange transaction on a DD Form 1131 or SF 1034 (as appropriate) against \*\*-6763 and recorded in the day's business as either a collection, increasing "Cash on Deposit in a Designated Depository", or a disbursement, decreasing "Cash on Deposit in Designated Depository".

#### 5. Distribution of Documents.

Distribute the uncurrent check listing, OF 1017-G, and the DD Form 1131 or SF 1034 as follows:

a. The original and one copy of uncurrent check listing, a copy of the OF 1017-G, and the Treasury check shall be forwarded to: Department of the Treasury, Financial Management Service, Comptroller, Liberty Center, Washington, DC 20227.

b. One copy of the uncurrent check listing shall be provided to the LD.

c. One copy of the listing, one copy of the OF 1017-G, and one copy of the DD Form 1131 or SF 1034 shall be attached to the SF 1149.

d. One copy of the listing, one copy of the OF 1017-G, and one copy of the DD Form 1131 or SF 1034 shall be filed in the DO's retained LDA records.

e. The original and appropriate number of copies of the OF 1017-G and DD Form 1131 or SF 1034 shall be included with other vouchers supporting the SF 1219.

B. Closed Limited Depository Accounts. When outstanding, unpaid checks become uncurrent in a closed LDA and it is necessary to transfer the U.S. dollar equivalent to Treasury account 20X6045, the disbursing office having jurisdiction over the closed account shall arrange with the LD for the necessary transfer of funds from the closed LDA to the disbursing office's current LDA. After the LD completes the transfer to the current account, the DO shall follow the procedures prescribed in paragraph 140502.A. above. If the closed account belonged to a predecessor DO or is the settlement account for a closed disbursing station, prepare one additional copy of the uncurrent check listing for

filing with the retained records of the closed station's disbursing records. On this copy of the listing, reference shall be made to the disbursing office accomplishing the transfer and the date the transfer was accomplished.

#### 140503. Transferring the Proceeds of Undeliverable Checks

A. General. The procedures prescribed in this paragraph relate to undeliverable LDA checks, the proceeds of which are still due the payee or the payee's estate. LDA checks which are returned as undeliverable and are not due the payee (or payee's estate) shall be canceled as prescribed in section 1406 of this chapter.

B. Time Limit for Holding Undeliverable Checks. Undeliverable LDA checks shall be held only until it is determined that the DO cannot effect delivery with the information available. In no case shall undeliverable LDA checks be held longer than 60 days from the date of issue.

C. Record of Undeliverable Checks. The DO shall establish a record of undelivered LDA checks using DD Form 2658, Returned and Undeliverable Check/Bond Record which shall include complete identification of the check, the disbursement voucher number, the date the check was returned, disposition of the check, the disbursing official authorizing disposition, and the date of disposition. Disposition of undelivered checks may be authorized by the DO, the principal deputy, or a third individual authorized in writing by the DO to make such disposition.

D. Safekeeping Undeliverable Checks. While held in the disbursing office, undeliverable LDA checks shall be afforded the same protection as cash. Undeliverable LDA checks shall be filed in an order best suited for ease of retrieval and ready identification.

E. Disposition of the Proceeds of Undeliverable Checks Drawn on Open Accounts. The proceeds of undeliverable LDA checks (current as to date of issue) drawn on open LDA shall be credited to the appropriation or fund charged for the original disbursement at the rate of exchange in effect on the date of issue as



shown by the payment voucher. A payable shall be established to allow for future settlement. Undeliverable LDA checks shall be scheduled on an SF 1098 showing the check number, month and year of issue, name of payee, amount (U.S. dollar equivalent on date of issue), DSSN, and the appropriation or fund to be credited. Each SF 1098 shall be accounted for as a cash collection. To maintain the DO's accountability, "Cash on Deposit in Designated Depository" shall be increased in the same U.S. dollar amount as the SF 1098.\* The LDA checkbook balance shall be increased by the total amount of foreign currency units as shown on the check. The current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added above) shall be computed using the current exchange rate. The total U.S. dollar equivalent of the LDA checkbook balance shall then be compared to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depository". Any difference in total U.S. dollar equivalents shall be vouchered as a gain or loss by exchange transaction on a DD Form 1131 or SF 1034 (as appropriate) against \*\*-6763 and recorded in the day's business as either a collection, increasing "Cash on Deposit in a Designated Depository", or a disbursement, decreasing "Cash on Deposit in Designated Depository". The record of outstanding checks and undeliverable checks shall be updated to reflect the disposition. At the time of disposition, the undelivered checks shall be rendered non-negotiable by writing, typing, or stamping on the face of the check the words "NOT NEGOTIABLE, PROCEEDS CREDITED IN GOVERNMENT ACCOUNTS, D.O. SYMBOL (DSSN)" to prevent negotiation by unauthorized persons. The amount of the defaced checks shall be included on line 3 of the SF 1149. The canceled checks and one copy of the SF 1098 shall be forwarded with the SF 1149 in the same manner as voided and spoiled checks at the end of each month. Sufficient additional copies of the SF 1098 shall be reproduced to provide the functional area authorizing the original disbursement a copy so they may set up a payable to handle future claims for the proceeds of canceled undeliverable checks.

F. Disposition of the Proceeds of Undeliverable Checks Drawn on Closed Accounts. If the LDA on which the undeliverable checks were drawn has been closed, the succes-

sor DO or DO responsible for settlement of the account shall notify the LD that the checks are being canceled and request that the value of the checks be transferred to an open account (if the DO maintains an LDA) or that the depository transmit the funds to the DO by check payable to the DO, by title. When the proceeds have been transferred to the open account, the DO shall proceed as prescribed in paragraph 140503.E. above for undeliverable checks drawn on an open account. If the LD provides the proceeds by check, the DO shall collect the check on a DD Form 1131 to the appropriation or fund charged when the undeliverable check was issued. **NO SF 1098 IS PREPARED IN THIS SITUATION.** The DD Form 1131 shall be prepared at the rate of exchange in effect on the date the check was issued (as shown by the payment voucher). The DD Form 1131 shall be recorded in the DO's accounts as a cash collection. Any difference in the U.S. dollar value at the current rate of exchange and the rate of exchange at which the check is collected shall be accounted for as a gain or loss by exchange transaction. At the time of disposition, the undelivered checks shall be rendered non-negotiable by writing, typing, or stamping on the face of the check the words "NOT NEGOTIABLE, PROCEEDS CREDITED IN GOVERNMENT ACCOUNTS, D.O. SYMBOL (DSSN)" to prevent negotiation by unauthorized persons. The record of outstanding checks and undeliverable checks in the former DO's accounts shall be updated to reflect disposition of the checks. A copy of the DD Form 1131 and the defaced checks shall be forwarded with the SF 1149 to support the changes in the closed LDA account at the end of the month. A copy of the DD Form 1131 shall be forwarded to the applicable functional area to enable them to establish the payable in the event of future claims for the proceeds of the canceled undeliverable checks.

G. Undeliverable Checks Uncurrent as to Date of Issue. Any uncurrent undeliverable checks which come into the possession of the disbursing office, the proceeds of which have been transferred to Treasury account 20X6045 and for which no current claim has been presented, shall be forwarded directly to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548. Uncurrent undeliverable checks which come into the possession of the disbursing office the proceeds of



which have not yet been transferred to Treasury shall be processed as prescribed in paragraph 140502 above. Under no circumstance shall an uncurrent undelivered check be scheduled on an SF 1098 or DD Form 1131 as a current undeliverable check.

140504. Limited Depository Checks Due Deceased or Incompetent Payees

A. Checks Which Are Current as to Date of Issue. Unnegotiated LDA checks which are still current as to date of issue, returned to the disbursing office in connection with a claim for the proceeds which are still due a deceased or incompetent payee, shall be processed as prescribed in paragraphs 140503.E or 140503.F above for undelivered checks.

B. Checks Which Are Uncurrent as to Date of Issue. All unnegotiated LDA checks which are uncurrent as to date of issue, returned to the disbursing office in connection with a claim for the proceeds which are still due a deceased or incompetent payee, shall be handled as prescribed in this subparagraph. If the proceeds of these outstanding undeliverable checks were not previously transferred to Treasury account 20X6045, this action shall be accomplished as provided in paragraph 140502 above prior to forwarding the check and the claim to the General Accounting Office. If a previous transfer of the proceeds to Treasury account 20X6045 has taken place, the check shall be forwarded with the claim to the GAO for settlement.

140505. Claims for the Proceeds of Undeliverable Checks

A. Claims for Settlement by the DO. In processing claims for the proceeds of undeliverable checks which have been credited to the appropriation or fund originally charged, the payments shall be supported by a regular disbursement voucher using an SF 1034. Each voucher shall cite a reference to the original undeliverable check, showing the check serial number, amount, and DSSN.

B. Claims for Settlement by GAO. Claims for the proceeds of undeliverable checks shall be forwarded for settlement by the General Accounting Office, Transportation and Claims

Division, Washington, DC 20548 when there are doubtful questions of law or fact, or when the proceeds of the check have been transferred to Treasury account 20X6045 as prescribed in this section.

1406 CANCELING LIMITED DEPOSITARY CHECKS

140601. General. LDA checks shall be canceled when the proceeds of the check are not due a payee or the payee's estate but are for credit to an appropriation or fund account. The procedure for cancellation of these checks depends on whether the account on which the check was written is an open account or a closed account; whether the check is "current" or "uncurrent"; and, whether the check is available or unavailable to the DO who maintains the LDA.

140602. Checks Not Due a Payee or Payee's Estate. The functional area submitting the certified payment voucher to the disbursing division for issue of the check is normally the only office with authority to cancel checks not due a payee or the payee's estate. Except as provided in this paragraph, the SF 1098 shall be used to list and report all checks not due the payee or payee's estate which are being canceled. In all cases where practicable, the SF 1098 shall be prepared by the functional area authorizing the original payment. If the disbursing division prepares the SF 1098, the functional area shall sign and date the form in the lower right-hand corner, in the spaces titled "Forwarded" and "By". The disbursing division shall mark the front of the check with the word "CANCELED" and the date of cancellation in prominent letters to prevent improper negotiation of the check.

A. Checks Which Are Current as to Issue Date. LDA checks not due a payee shall be canceled as quickly as possible by the disbursing office. The U.S. dollar equivalent of the foreign currency amount of the check at the rate of exchange in effect on the date the check was issued (as shown on the payment voucher) shall be the amount credited to the original appropriation or fund charged for the payment.

1. Open Accounts. If the LDA is open (established and being used by the current DO) the SF 1098 shall be processed in the accounts to effect the credit to the fund or appro-

priation originally charged for the disbursement, to increase the LDA checkbook balance, and to remove the canceled check from the record of outstanding checks. Each SF 1098 shall be accounted for as a cash collection. To maintain the DO's accountability, "Cash on Deposit in Designated Depository" shall be increased in the same U.S. dollar amount as the SF 1098. The LDA checkbook balance shall be increased by the total amount of foreign currency units as shown on the check. The current U.S. dollar equivalent of the LDA checkbook balance (including the foreign currency units added above) shall be computed using the current rate of exchange. The total U.S. dollar equivalent of the LDA checkbook balance shall then be compared to the total U.S. dollar equivalent shown as "Cash on Deposit in Designated Depository". Any difference in total U.S. dollar equivalents shall be vouchered as a gain or loss by exchange transaction on a DD Form 1131 or SF 1034 (as appropriate) against \*\*6763 and recorded in the day's business as either a collection, increasing "Cash on Deposit in a Designated Depository", or a disbursement, decreasing "Cash on Deposit in Designated Depository". The face of the canceled check shall be marked with the word "Canceled" and the date of cancellation. The canceled check and a copy of the SF 1098 shall be forwarded with the original SF 1149 at the end of the month.

2. Closed Accounts. If the LDA is closed or the account was maintained by a predecessor DO and closed upon change of DOs, it will be necessary to transfer funds between the closed and current (open) LDAs before processing the cancellation action. If the transfer can be accomplished by drawing a check against the closed account for deposit to the open account, this procedure should be followed. Otherwise, the procedures outlined below shall be followed in processing the necessary transfer.

a. Check to be Canceled Drawn on DO's Current Limited Depository. If the DO cannot draw a check against the closed LDA and both the closed and open accounts (DO's current account) are with the same LD, advise the LD by letter that the check is in the possession of the DO and is being canceled. Request the bank to transfer the funds involved from the closed account to the open account. When the LD advises that the requested transfer

has been made, proceed with the preparation of the SF 1098, as described in paragraph 140602.A.1 above.

b. Check to be Canceled Drawn on Different Limited Depository. If the closed LDA and the DO's current open LDA are in different LDs, request in writing that the LD on which the check was drawn charge the account for the check being officially canceled and transmit the funds to the DO, by title. Upon receipt of the funds, they shall be deposited in the current open LDA and treated as a cash collection using the DD Form 1131 for credit to the fund or appropriation originally charged for the check being canceled. **DO NOT PROCESS AN SF 1098 FOR THIS TRANSACTION.** The U.S. dollar equivalent of the foreign currency amount of the check and the rate of exchange, effective on the date the check was issued as shown on the payment voucher, shall be shown on the DD Form 1131. State prominently on the DD Form 1131 that the transaction involves the proceeds of a canceled check. Any difference in the U.S. dollar value at the current rate of exchange and the rate of exchange at which the funds provided by the LD are collected on the DD Form 1131 shall be accounted for as a gain or loss by exchange transaction.

B. Unavailable Checks. LDA checks, the proceeds of which are not due the payee or the payee's estate, not held by the disbursing office shall be canceled even though the check cannot be forwarded with the SF 1149 as a canceled check. The following procedures shall be used.

1. The functional area shall prepare an SF 1098 and give an explanation on the schedule of the circumstances that make the check unavailable. The SF 1098 shall be approved by the functional area authorizing the issue of the original check and shall also be signed by the DO under the explanation of the unavailability of the check.

2. The DO shall request the LD on which the check was drawn to place a stop payment on the check and provide a written acknowledgement when the action has been accomplished.

3. When the LD's acknowledgement is received the DO shall process the SF 1098 and credit the fund or appropriation originally charged, adjust the checkbook balance, and reduce the record of outstanding checks as prescribed in paragraph 140602.A.1 above. A copy of the LD's acknowledgement and a copy of the SF 1098 shall be forwarded with the SF 1149 at the end of the month.

4. The original SF 1098 and the bank's acknowledgement shall be filed with the DO's monthly financial reports and the DO shall keep copies for the retained records file.

C. Checks Which Are Uncurrent as to Date of Issue. DOs cannot cancel uncurrent LDA checks. Only the GAO can cancel uncurrent LDA checks. The proceeds of uncurrent checks not due a payee or payee's estate shall be processed through Treasury account 20X6045. Uncurrent LDA checks (whether or not due the payee or payee's estate and whether or not available to the DO) will have been processed through Treasury account 20X6045 as prescribed in paragraph 140502 above in October of the fiscal year which is one full fiscal year after the fiscal year in which the check was issued. If the proceeds of the uncurrent check have not been transferred to 20X6045, the transfer shall be accomplished before requesting GAO to cancel an uncurrent check which is not due the payee or payee's estate.

1. The DO shall schedule the check on an SF 1098 prepared in original and six copies crediting the fund or appropriation originally charged for the payment. The amount to be credited shall be the U.S. dollar equivalent of the foreign currency at the rate of exchange in effect when the check was issued (as shown on the payment voucher. Modify the heading of the SF 1098 to read "Schedule of Limited Depositary Checks Canceled by GAO". A full explanation of the reason for cancellation of the check shall appear on the SF 1098. **DO NOT PROCESS THIS SF 1098 IN THE ACCOUNTS AS A COLLECTION.**

2. Forward the original and five copies of the SF 1098 and the check, if available, through the servicing DFAS Center to: Finance Division, Office of the Comptroller, Financial Management Service, Liberty Center, Room 257,

Washington, DC 20227 with a covering letter or memorandum requesting cancellation of the check. A copy of the outstanding check listing and OF 1017-G prepared when the check was transferred to Treasury account 20X6045 should be attached to document the request. Retain one copy of the SF 1098 in a pending receivable file.

3. After cancellation of the check is approved, the GAO will authorize issuance of a Treasury check for the value of the canceled LDA check. Process the check and the SF 1080 upon receipt from GAO as a collection. Support the transaction with the retained copy of the SF 1098.

#### 1407 REPLACEMENT OF MISSING, MUTILATED, AND FORGED LIMITED DEPOSITARY CHECKS

140701. General. Upon receipt of a claim for a check which is reported as not received, or as lost, stolen, destroyed, mutilated, forged, or defaced, the DO shall determine from the LD or from retained records the status of the check. Checks which are outstanding and unpaid, reported before the end of the fiscal year following the fiscal year in which they were issued, and do not involve a doubtful question of law or fact shall be replaced by a substitute check. Checks which have been paid on a forged endorsement, reported before the end of the fiscal year following the fiscal year in which they were issued, and to which the payee is entitled shall be replaced by a settlement check. Claims for replacement of checks submitted more than a full fiscal year after the fiscal year in which they were issued, or involving a doubtful question of law or fact, or on behalf of deceased or incompetent payees without a court appointed legal representative, or where the claimant's entitlement is in question shall be referred to the GAO.

140702. Substitute Check Procedures. The following procedures apply to checks drawn on LDs in foreign countries.

A. Action by the Original Payee of the Check or Other Claimant. The payee or other claimant shall notify the DO, in writing, over his or her own handwritten signature, when a check has been lost, stolen, mutilated, or destroyed, and request payment on the check be stopped. The notification shall provide all avail-

able information on the check. When furnished by the DO, the payee or other claimant shall complete a FMS Form 2244, Undertaking of Indemnity - Substitute Checks and return it to the DO before the end of the full fiscal year following the fiscal year in which the check was issued. Claimants other than the original payee shall present a statement in support of their ownership of the check in addition to the FMS Form 2244. Representatives of deceased payees or owners who are clearly entitled to the proceeds of original checks as part of the estate, shall also complete and submit an SF 1055, Claim Against the United States, for Amounts Due a Deceased Creditor, or a statement of administration, if the claimant is serving under court appointment, to accompany the FMS Form 2244. Claimants acting as guardians of incompetent payees or owners who are shown by the evidence to be entitled to the proceeds of the original check shall submit a short form court certificate showing their appointment and qualifications as guardians in addition to the FMS Form 2244. If the payee or other claimant is a bank or other financial institution and the check was drawn for \$15,000 or less; or, a corporation or business of recognized financial standing and the check was drawn for less than \$5,000; or, a financially responsible individual and the check was drawn for less than \$150 or is for a recurring payment, in any amount greater than \$150, the DO may, at his or her discretion, accept an undertaking of indemnity in the form of a written statement or letter. The substance of the statement or letter shall be: "In consideration of the issuance of a substitute check in lieu of (check number of original check, date, amount, and payee) and the payment of the substitute check, the undersigned undertakes and agrees to save harmless and indemnify the United States of America, its officers and agents, of and from any and all liability, loss, expense, claim, and demand whatsoever, arising in any manner by reason of or on account of said original check(s) or the stoppage of payment thereof, or the issue of payment of the substitute check(s), to replace the same." The statement shall be witnessed by a person with authority to so act and, if necessary, may be executed in a foreign language translation of the foregoing letter of indemnity. If the claim exceeds the amounts stated above and the DO still desires to use the letter form of the undertaking of indemnity, approval shall first be obtained from the Deputy Director for

Finance, DFAS Headquarters, through the servicing DFAS Center.

B. Action by the DO. The DO shall first determine that the check reported as lost, stolen, destroyed, mutilated, or defaced is still outstanding. If it is, the LD shall be requested, in writing, to enter a stop payment against the check and to acknowledge, in writing, receipt of the request. Upon receipt of the acknowledgment, the DO shall forward a modified FMS Form 2244 to the claimant for completion and return to the disbursing office. The modifications by the DO required on the FMS Form 2244 are:

1. Enter the description of the check.
2. Enter the name of the bank on which the check was drawn.
3. Insert a statement near the added bank name that reads, "This change made prior to execution of bond with full knowledge and consent of all parties concerned." This statement shall be signed by the claimant and by the surety/sureties.

When the FMS Form 2244 is completed by the claimant and returned, the DO shall approve the claim for payment if it is determined the original check is still outstanding; the substitute check can be issued before the end of the full fiscal year following the fiscal year of issue; there is no doubtful question of law or fact concerning the payment; a claim in writing, a FMS Form 2244 or written statement or letter serving as an undertaking of indemnity; and, any necessary supporting documents have been received in proper form. The approval shall be noted on the reverse of FMS Form 2244, or letter undertaking indemnity, in the words "Claim approved by (Name, title, and disbursing station), Date (month, day, and year)". If the original check was drawn on a closed LDA it will be necessary to transfer funds to an open LDA before a substitute check can be issued. Use the procedures described in 140602.A.2 above to accomplish the transfer of funds. The DO shall then issue a substitute check with the current date and payable in the same currency as the original check. The substitute check shall contain information on its face in the lower left-hand corner

identifying the original check as follows: "Issued in lieu of check number \_\_\_\_\_ dated (Mo, Day, Yr) drawn by (DO who issued original check) on (Name of LD)." The number of the substitute check, the date of issue, and the name of the LD on which drawn shall be recorded on the back of the FMS Form 2244 (or letter undertaking indemnity) by the DO when the substitute check is issued. At the end of the month the DO shall include a copy of all substitute checks issued during that month with the SF 1149. If copies cannot be provided, a listing of substitute checks issued shall be submitted with the SF 1149. The listing shall show only the substitute check number and the number and date of the original check it replaces. Substitute checks do not increase the DO's accountability and are not reflected in the SF 1219. The FMS Form 2244 and all supporting documents shall be filed with the retained records of the DO.

C. Sureties. A surety assumes the status of a debtor under the original agreement and is primarily liable with the claimant for every default. Acceptable sureties in connection with FMS Form 2244 are either a corporate surety authorized by the Secretary of the Treasury, or two responsible individual sureties. In foreign countries it is the claimant's responsibility to secure a certification as to the financial sufficiency of the individual sureties. The certification shall be executed by one of the persons listed on the face of the FMS Form 2244 under "Certificate as to Sureties" and in the manner prescribed by the instructions appearing on the FMS Form 2244. If the amount of the original check was equivalent to \$200 or less in United States currency, only one financially responsible surety is required. Sureties shall not be required if:

1. The DO determines that the non-receipt, loss, theft, destruction or mutilation of the check was not the fault of the owner or holder and occurred while the check was in the custody or control of an agent of the United States performing services in connection with an official function of the United States.

2. The DO is satisfied that a substantial portion of the check is presented and is in fact the subject of the claim and that those missing portions are not sufficient to form a valid claim against the United States.

3. The claimant or holder is an officer or employee of the United States, a municipal corporation, or a political subdivision of the United States, a state, the District of Columbia, or a United States Territory or Possession.

4. The claimant is a corporation whose entire capital is owned by the United States, a foreign government or agency thereof, a foreign central bank, or a Federal Reserve Bank.

140703. Settlement Check Procedures. The procedures for claims on paid checks are applicable to all LDAs.

A. Action by the Payee of the Check. The payee shall immediately notify the DO, over his or her own handwritten signature, when a check has been paid on a forged endorsement. The notification shall provide all available information on the identification of the forged check. The payee shall complete the FMS Form 1133, Claim Against the United States for the Proceeds of a Government Check and return it to the DO issuing the original check within 90 days of the date appearing on the FMS Form 1133.

B. Action by the DO. Upon receipt of a written request for the proceeds of a check paid on a forged endorsement the DO shall request the LD to commence reclamation. The request to the LD shall be in writing. The LD shall be requested to acknowledge the request in writing and, if canceled checks are not returned to the account holder with the bank statement, to provide the forged check or a clear legible copy thereof to the DO. The DO shall provide the payee a copy of the forged check, a modified FMS Form 1133 with instructions on completion and return of the form within 90 days. Modifications that the DO shall make to the FMS Form 1133 are: substitute the address of the DO as the return address at the top of the form and in the second from the last paragraph in place of the Treasury address in those positions; insert the complete name and address of the claimant in the address area; insert the payee's name and complete address as shown on the forged check, the check number, the date of issue, and the amount of the check in the boxed space; delete the phrase "by the United States Secret Service" in the second line of the last paragraph; and, substitute the title of the DO processing the

claim for "Director, Division of Check Claims" appearing at the bottom of the form. If the completed FMS Form 1133 is not returned within 90 days the DO shall consider the case closed. If the FMS Form 1133 is completed and returned by the payee within 90 days, the DO shall forward the form and a copy of the forged check to his or her Component's investigative service for examination by a handwriting expert. The investigative service shall be requested to certify an opinion as to the authenticity of the endorsement. The opinion of the handwriting expert shall be the basis for deciding whether or not a settlement check can be approved for the claimant. Approval for a settlement check shall be granted if the opinion of the handwriting expert states the endorsement was forged and not executed by the payee; the settlement check can be issued before the end of the full fiscal year following the fiscal year in which the forged check was issued; there is no doubtful question of fact or law concerning the payment; and, the payee's claim, in writing, the FMS Form 1133, the certified opinion of the handwriting expert, and any other necessary supporting documents have been received in proper form. When it has been determined that a settlement check is due the payee it shall be issued without waiting for reclamation to be accomplished by the LD. The approval shall be noted on the front of the FMS Form 1133 in the words "Settlement approved by (name, title, and disbursing station), Date (month, day, and year)." The DO shall then issue a settlement check with the current date and payable in the same currency as the original check. The settlement check shall contain information on its face in the lower left-hand corner identifying the original check as follows: "Issued in settlement of check number \_\_\_\_ dated (Mo, Day, Yr) drawn by (DO who issued original check) on (Name of Limited Depositary)." Settlement checks shall be reported as checks issued and accounted for in the regular manner when preparing the SF 1149. Where the local currency disbursed for the forged check was purchased through an MBF, by an open market transaction, or by issuance of a Treasury check, the issuance of the settlement check shall be reported as a Receivable - Check Overdraft on line 7.2 of the DD Form 2657, Daily Statement of Accountability and the SF 1219. The receivable shall be established and cleared as a check issue overdraft discrepancy as prescribed in section 1408 below. Where the funds originally used to

pay the forged check were obtained from U.S. owned foreign currencies, the DO shall charge the disbursement of the settlement check to the same foreign currency account.

C. Reclamation. In all cases where settlement checks have been issued, the DO responsible for the LDA shall be satisfied that reclamation action is timely, and every effort is made to recover the proceeds of forged LDA checks. The DO shall, at least twice within the 30 days immediately following the receipt of the bank's acknowledgement of the notification of a forgery, make a formal written request for completion of reclamation by the bank. If the bank advises that reclamation cannot be made because the bank can prove a point of local law that relieves it from responsibility, the DO shall request relief of liability for the illegal, incorrect, or improper payment as prescribed in chapter 06 of this Volume. If relief of liability is granted, the DO shall clear the check issue overdraft as prescribed in section 1408 below. Recoveries made through reclamation shall be credited to the appropriation to which the disbursement of the settlement check was charged. If the charge is still carried as a check issue overdraft, line 7.2 of both the DD Form 2657 and the SF 1219 shall be cleared. If line 7.2 has already been cleared by relief of liability, the account Miscellaneous Receipts, \*\*3210, shall be credited.

140704. Recovery of Original Check. In the event the original LDA check is recovered before issuance of a substitute check, suspend the substitute check action and request the LD to remove the stop payment against the original check. The payee may then negotiate the original check. If the substitute check has been released, the original check shall be rendered non-negotiable by writing or stamping across the face of the check "Not Negotiable - Substitute Check Issued Under No. \_\_\_\_." Such a check shall be submitted with the next SF 1149.

140705. Referral to the General Accounting Office

A. Entitlement or Legal Representation. All cases involving questions as to the payee or owner's entitlement to a substitute or settlement check and cases where no legal representative has been appointed by the court for deceased/incompetent payees or owners shall be



forwarded to the General Accounting Office, Claims Group, General Government Division, Washington, DC 20548, for advice.

B. Questions of Law or Fact. All cases involving a doubtful question of law or fact shall be forwarded to the GAO for settlement action.

C. Checks Outstanding More Than One Full Fiscal Year. All cases involving checks that have been outstanding more than one full fiscal year after the fiscal year in which they were issued shall be forwarded to the GAO for settlement action. Documentation for these cases shall include a properly executed FMS Form 2244 or other undertaking of indemnity for the proceeds of a lost, stolen, destroyed, mutilated, or defaced LDA check; the check in question, if available, or any identifiable portions thereof; and, any other supporting documentation.

140706. Files. Approved claims and supporting documentation, or copies of the same where the originals have been transferred to the servicing DFAS Center or FIPC, shall be retained by the DO as part of the retained records.

#### 1408 ADJUSTMENT OF CHECK ISSUE DISCREPANCIES

140801. General. This section sets forth the actions necessary to effect adjustments of LDA differences chargeable to DOs. These adjustments shall be made and recorded in the accounts of the DO immediately upon discovery. The procedures described herein do not apply to voided or spoiled LDA checks or to canceled LDA checks which were discussed in sections 1404 and 1406 of this chapter. LDA check issue discrepancies are disclosed in internal audit reports, by the GAO's audit, or by control measures initiated by the DO. These differences occur when the LD pays a check in an amount different from the disbursement voucher and the record of checks issued; the disbursing office draws a check to the wrong payee; the disbursing office issues a check in an amount different than the amount shown on the disbursement voucher; the disbursing office voids, spoils, or cancels a valid check in error while at the same time issuing the check that was the subject of the action to void, spoil, or cancel; or, the payee

advises of a possible overpayment or underpayment.

140802. Recording Limited Depositary Check Issue Overdrafts and Underdrafts. As soon as the DO is aware of a check issue difference (regardless of the U.S. dollar value) an OF 1017-G shall be prepared in original and three copies to record the overdraft or underdraft. A complete explanation of the difference shall be shown on the form, including a description of the check (check number, date, amount, payee, account number, and LD name) and identification of the related disbursement voucher. The original OF 1017-G shall be attached to the DO's SF 1219, a copy shall be attached to the SF 1149, and the two remaining copies shall be placed in a file and used as the DO's official subsidiary record of the uncleared difference comprising the DO's accounts receivable and/or accounts payable.

140803. Adjustments During The Current Accounting Period. Documentation for adjustment of check issue discrepancies applying to the current accounting period, which are disclosed and adjusted in the current accounting period, shall not be furnished with the SF 1149. These documents are required for internal processing and shall be maintained with the other retained financial records. Differences disclosed during the current accounting period which cannot be adjusted until a subsequent accounting period shall be documented as prescribed in paragraphs 140804, 140805, and 140806 below.

140804. Adjustments of Check Issue Overdrafts of More Than \$1. When it is determined that an LDA check has been issued for more than the amount shown on the disbursement voucher and the amount reported in the LDA reports, prepare an OF 1017-G as described in paragraph 140802 above and enter the amount as a decrease to the LDA on line 6.1 and an increase to accounts receivable on line 7.2A of the DD Form 2657. If the overdraft is an actual overpayment to the payee, commence collection action. When recovery is made on the overpayment, deposit the funds in the LDA and enter the amount as an increase on line 6.1 and a decrease on line 7.2A of the DD Form 2657. Prepare an OF 1017-G to document this transaction. DO NOT PREPARE A COLLECTION VOUCHER. If the overdraft is due to not having charged the appropriation for

the total amount of the check, prepare a one-sided SF 1081 to charge the overdraft to the appropriation cited on the original disbursement voucher. Include a complete explanation of the adjustment on the SF 1081 and process the voucher as a disbursement on line 4.1A and a decrease to accounts receivable on line 7.2 of the DD Form 2657.

140805. Adjustments of Check Issue Underdrafts of More Than \$1. When it is determined that a check has been issued for less than the amount shown on the disbursement voucher and the amount shown on the depository reports prepare an OF 1017-G as described in paragraph 140802 above and enter the amount of the underdraft as an increase to line 4.1E and an increase to line 6.1 of the DD Form 2657. Prepare a one-sided SF 1081 crediting deposit fund account, Accounts Payable - Check Issue Underdrafts, \*\*X6999. If the underdraft is due to charging the appropriation cited on the disbursement voucher more than the amount of the check, prepare an SF 1081 charging deposit fund account \*\*X6999 and crediting the appropriation charged on the original voucher. If the underdraft is due to issuing the check for less than the amount on the original voucher, prepare an SF 1049 charging deposit fund \*\*X6999 and issue a check to the original payee for the amount of the underdraft. Record the check and the SF 1049 as a new transaction in the LDA and on the DD Form 2657.

140806. Clearing Overdrafts and Underdrafts of \$1 or Less. When it is determined that an overdraft or underdraft of \$1 or less exists, prepare an OF 1017-G as described above for overdrafts and underdrafts over \$1. However, LDA check issue differences equal to \$1.00 or less in U.S. currency, even though they shall be recorded in the DO's accounts, will not be liquidated by collection from overpaid payees, payment to underpaid payees, or adjustments to appropriation or fund accounts which were over- or undercharged in the original processing of the voucher and issuance of the check. Instead, the procedures in the following paragraphs shall be used.

A. Clearance of Overdrafts Equal to One U.S. Dollar or Less. At the close of each fiscal year the DO shall prepare a one-sided SF 1081 for the cumulative total of all outstanding check issue overdrafts with a U.S. dollar value of

one dollar or less. The SF 1081 shall charge the O&M appropriation of the disbursing activity and credit accounts receivable. Show a complete description of the transaction including a listing of the OFs 1017-G being cleared.

B. Clearance of Underdrafts Equal to One U.S. Dollar or Less. At the close of each fiscal year the DO shall liquidate all outstanding underdrafts for check issue differences with a U.S. dollar value of one dollar or less by processing an SF 1081 to transfer the cumulative total of these accounts payable from deposit fund \*\*X6999 to miscellaneous receipt account, Forfeiture of Unclaimed Money and Property, \*\*1060. If a payee requests payment of the underpaid amount at any time after the DO has processed the OF 1017-G for the underdraft but before the end of the fiscal year, the DO shall validate the claim and, if necessary, issue a check charging the original appropriation for the disbursement. Claims received after the outstanding underdraft has been cleared as prescribed in this paragraph shall be referred to the servicing DFAS Center.

140807. Clearing the Subsidiary Account Files. When the adjustment action has been completed, collection made, or additional check issued, mark the two file copies of the OF 1017-G with the appropriate legend: See Deposit Ticket No. \_\_\_\_\_, dated \_\_\_\_\_; See Check No. \_\_\_\_\_, dated \_\_\_\_\_; or, See Adjustment Voucher No. \_\_\_\_\_, dated \_\_\_\_\_. Submit one of the annotated copies with the SF 1149 at the close of the accounting period. File the remaining copy with the DO's retained records for the LDA.

#### 1409 DOCUMENTATION OF LIMITED DEPOSITORY ACCOUNT TRANSACTIONS

140901. General. DOs are responsible for maintaining the controls and safeguards necessary to assure the drawing of LDA checks in strict conformity with disbursement vouchers as certified. LDAs are a part of the DO's accountability for public funds and are not recorded in agency accounting records until disbursements and collections are properly vouchered. For this reason, records maintained by the DO shall be complete, accurate, and auditable to insure the integrity of the LDAs.



140902. SF 1149, Statement of Designated Depositary Account. Within 30 days following the close of each calendar month, an SF 1149 shall be prepared and submitted by the DO holding an open LDA and by accountable individuals charged with the settlement of closed accounts. The SF 1149 shall be prepared by the account holder closing an LDA on the last business day and submitted within 5 days after the LDA is closed. When an LDA is closed, the final SF 1149 shall be marked "FINAL" at the top of the form. The SF 1149 shall be prepared in an original and two copies if the LDA holder is the DO, and in an original and three copies if the account holder is an agent of the DO. The SF 1149 shall be supported by an LD bank statement for the period or a certified list of paid checks; a record of checks issued; a schedule of spoiled checks and the checks themselves; a schedule of voided checks and the checks themselves; a copy of every SF 1098 issued during the reporting period canceling available checks and the checks themselves; a copy of every SF 1098 issued during the reporting period canceling unavailable checks with the LD's letter acknowledging cancellation of the unavailable checks; a copy of each OF 1017-G issued during the accounting period to transfer uncurrent checks or report/clear check issue discrepancies; original checks returned or recovered after a substitute check has been issued; any mutilated or defaced checks received from claimants; a schedule of deposits made to the LDA during the accounting period, showing date and amount of each deposit; a list of outstanding checks showing check number, date, and amount; and, a copy of the SF 1219. Information necessary for the preparation of the SF 1149 is shown in the following paragraphs. See figure 14-1 for an example of a completed SF 1149.

#### A. Heading

1. Name (Disbursing official or cashier). Enter the name of the account holder.

2. Name (Funds advanced by).  
If the DO is the account holder, leave BLANK, otherwise enter the name of the DO who advanced the funds used to establish the LDA.

3. Station or Office. Enter the name and address of the activity to which the account holder is assigned.

4. Name of Depositary. Enter the name of the financial institution maintaining the LDA. A separate SF 1149 is required for each financial institution.

5. Location of Depositary. Enter the address of the financial institution maintaining the LDA.

6. Account Number. Enter the account number shown on the statements received from the LD. A separate SF 1149 is required for each LDA.

7. Accounting Period. Enter the from/to days of the calendar month being reported by the SF 1149.

8. The Monetary Unit of This Account Is. Enter the complete name of the monetary unit on deposit with the LD (i.e., French Francs, not merely FRANCS which may be Belgian, Nigerian, or Swiss to cite a few of the nations using that name for their currency).

B. Summary of Transactions. Enter the amounts in the applicable foreign currency on lines 1 through 12 as explained below and on the reverse of the form.

1. Line 1 - Checkbook Balance at Close of Previous Period. Enter the amount shown on line 18 of the preceding month's SF 1149. The figure shall agree with the amount on line 6.1 of the preceding SF 1219 unless the DO has more than one LDA.

2. Line 2 - Deposits to Official Credit

a. Transfers. Enter amounts of wire transfers or similar transactions into the account.

b. Others. Enter the total of all deposits made by the DO or account holder during the month. Attach a listing showing the date and amount of each deposit.

3. Line 3 - Checks Canceled This Period. Enter the total of all checks canceled by SF 1098 (both available and unavailable checks shall be included). Attach a copy of each SF 1098, the checks that have been canceled, and

copies of the bank's acknowledgement on unavailable check cancellations. NOTE: Disregard instructions for Line 3 on the reverse of the SF 1149 requiring submission of SF 1184.

4. Line 4 - Undeliverable Checks Credited This Period. LEAVE BLANK. No entry necessary. These amounts are included in Line 3. NOTE: Disregard instructions for Line 4 on the reverse of the SF 1149 requiring submission of SF 1185 schedules.

5. Line 5 - Adjustments. Enter the total adjustment increases during the month (i.e. check issue underdrafts or interest credited to the account) and attach a copy of the OFs 1017-G, a detailed explanation of each adjustment, or the depository's credit memos for the increases.

6. Line 6 - Uncurrent Checks. Enter the amount of uncurrent LDA checks which were transferred to Treasury account 20X6045 during the month. Attach a copy of the uncurrent check listing and a copy of the OF 1017-G to the SF 1149.

7. Line 7 - Total To Be Accounted For. Add lines 1 through 6 and enter the total on this line.

8. Line 8 - Total Checks Drawn This Period. Enter the total of all LDA checks issued during the period. Voided checks are reported as zero dollar amount checks. Spoiled checks are reported as zero dollar amount checks when replaced by another serially numbered check. Replacement of spoiled checks by control checks causes no change in the check issue records because the check serial number of the original check is assigned to the control check. Attach carbon copies of the checks issued, or, if the carbon copies are not available, attach a detailed listing of all checks issued showing location of the disbursing office, check number, check date, and check amount. Substitute checks are reported, but the amount of the check is omitted. If a listing is furnished instead of carbon copies of the checks, identify the substitute check as such on the listing, omit the amount and insert the number and date of the original check on the same line as the serial number of the substitute. The carbon copies of the checks or the detailed listing may be amend-

ed by a signed, handwritten, correction from the account holder for voided checks discovered before the submission of the SF 1149.

9. Line 9 - Uncollectible Checks Returned by the Depository. Enter the total of all dishonored checks returned by the LD. Attach a schedule showing the check number, date, payee, and amount of each dishonored check and the date and amount of the deposit slips under which they were deposited.

10. Line 10 - Adjustments. Enter the total adjustment decreases during the month (i.e. check issue overdrafts or fees for returned checks) and attach a copy of the OFs 1017-G, a detailed explanation of each adjustment, or copies of the LD's debit memoranda supporting the decrease.

11. Line 11 - Total. Add lines 8 through 10 and enter the total on this line.

12. Line 12 - Checkbook Balance Close of Period. Subtract line 11 from line 7 and enter the result on this line.

C. Reconciliation. Prove the checkbook balance by completing lines 13 through 19 as explained below and on the reverse of the SF 1149.

1. Line 13 - Balance Per Bank Statement. Enter the balance from the LD bank statement and attach a copy of the statement to the SF 1149.

2. Line 14 - Add: Deposits in Transit. Enter the total of deposits included in the amount on line 2 that were not shown on the bank statement. Attach a listing of the date and amount of each deposit not shown on the bank statement.

3. Line 15 - Total. Add lines 13 and 14 and enter the total on this line.

4. Line 16 - Deduct: Outstanding Checks. Enter the total of any checks not shown as paid on the current and all preceding bank statements. Verify that checks shown on this line have been reported on line 8 of previous SFs 1149. Attach a listing showing the check number, date, and amount of each outstanding check.

5. Line 17 - Deduct: Deposits Not Credited By (Disbursing Officer or Cashier). Enter the amount of deposits listed on the bank statement and not reflected in the checkbook balance (Line 12). The only acceptable reason for an entry on this line is an LD bank error crediting the wrong account. A detailed list showing the amount and date of each deposit shall support an entry on this line.

6. Line 18 - Balance Per Checkbook. Subtract the sum of lines 16 and 17 from the amount entered on line 15 and enter the result here. The amount entered on this line shall equal the amount entered on line 12 or the LDA has not been properly reconciled. Re-check all entries on lines 1 through 18 to determine source of the error.

7. Line 19 - U.S. Dollar Equivalent. The amount shown on this line shall be the U.S. dollar equivalent of the monetary units shown on line 12 and as reported on the SF 1219. Convert the amount shown on line 12 to its U.S. dollar equivalent using the rate of exchange from line 20. When the account has been properly reconciled, the values of line 12 and line 18 are the same and the U.S. dollar equivalent shall be the same for the adjusted bank balance and the adjusted checkbook balance.

8. Line 20 - Rate of Exchange. Use the official rate of exchange expressed as the units of foreign currency equal to one U.S. dollar carried to at least two decimal points (100th of one foreign currency unit). This rate shall be the same rate used to determine the U.S. dollar value shown on the Line 6.1 of the SF 1219 for the month.

D. Checks Used This Period. Enter the check serial numbers in the blank spaces provided. The beginning check serial number should be one number greater than the ending check serial number from the preceding month's SF 1149. Check serial numbers should run in ascending order from one report to the next.

E. Date and Signature

1. Date. Enter the date the SF 1149 is prepared.

2. Signature of Disbursing Officer or Cashier. The account holder shall sign in the space provided. If the account holder is not the DO, the statement shall be countersigned by the DO above the signature of the account holder before the SF 1149 is forwarded to the servicing DFAS Center.

140903. SF 1098, Schedule of Canceled or Undelivered Checks. LDA checks being canceled because the payee is not entitled to the proceeds of the check or because the check cannot be delivered to the payee shall be vouchered on an SF 1098. Procedures for processing undeliverable checks are in paragraph 140503 above and procedures for processing canceled checks are in section 1406 above. In cases where an SF 1098 is required, a single form may be used if the checks being scheduled are all drawn on the same LDA and are all being canceled, or are all undeliverable. Multiple SFs 1098 are required if the checks were drawn on more than one LDA or if the checks being scheduled are a mix of canceled and undelivered checks. Do not include checks to be canceled on the same SF 1098 with checks which are undeliverable. LDA checks charged to different appropriations or funds and drawn on the same LDA do not need to be scheduled on separate SFs 1098. Prepare the SF 1098 as prescribed in the following paragraphs. See figure 14-2 for an example of a completed SF 1098.

A. Heading

1. Insert the phrase "Limited Depository Account" at the top of the form.

2. Enter an "X" in the "Canceled" block for canceled checks.

3. Enter an "X" in the "Undelivered" block for undelivered checks. Only one block shall be marked. Both blocks are never marked on the same form.

B. Department or Establishment. Enter the appropriate Component title. For example: U.S. Army; U.S. Air Force; U.S. Navy; Defense Logistics Agency; or Defense Finance and Accounting Service.

C. Schedule Number. Enter the collection voucher number.

D. Bureau or Office. Enter the name and address of the disbursing activity.

E. Sheet Number. Enter the page number and total number of pages comprising the SF 1098 (1 of 2; 2 of 2; 1 of 4; etc.). If there is only one page leave blank.

F. Location. Enter the name of the limited depositary bank and the account number.

G. D.O. Symbol Number. Enter the DSSN of the account holder or the DSSN of the account holder's DO in the case of an agent account holder.

H. Accounting Period. Leave blank.

I. Agency Location Code. Leave blank.

J. Body. Record all information for each check listed on the SF 1098.

1. Date of Issue, Check Number, Payee. Enter the information shown on the check or on the bank confirmation for unavailable checks.

2. Voucher Number Applicable. Enter the disbursement voucher number supporting the original check issue.

3. Amount. Enter the U.S. dollar equivalent of the check at the rate of exchange in effect on the date the check was issued (as shown on the payment voucher).

4. Symbol of Appropriation or Fund to be Credited. Enter the accounting data to which the proceeds will be credited.

5. Total. Enter total of all checks listed on the SF 1098. If the SF 1098 consists of more than one page, ensure the total reflects the entire submission.

K. Signature Element.

1. Date of Deposit Ticket. Leave blank.

2. Forwarded. Leave blank.

3. By (Name). Enter the name of the account holder.

4. Disbursing or Accountable Officer. Enter the name of the DO.

5. Date. Enter the date the SF 1098 data was entered in the DO's records. DO NOT USE THE DATE THE SF 1098 WAS SIGNED UNLESS THE SIGNATURE DATE AND THE DATE ENTERED IN THE DO'S ACCOUNTS ARE THE SAME.

6. Title. Leave blank if the account holder is the DO, otherwise enter the title of the agent holding the account.

140904. OF 1017-G, Journal Voucher. Journal vouchers are prepared to document the DO's accountability when disbursement or collection vouchers from the functional areas are not appropriate. The transfer of the proceeds of uncurrent checks and adjustments of check issue discrepancies are transactions that shall be documented by the DO with an OF 1017-G. Prepare the form as indicated in the following paragraphs.

A. Heading. Type the month and year the transaction is recorded into the DO's accountability in the upper left hand corner of the form. Type the DSSN and name of the DO in the upper left hand corner of the form immediately below the month and year.

1. J.V. No. Enter the sequential journal voucher number assigned for this transaction.

2. Date. Enter the date the OF 1017-G is prepared.

B. Body of the Form

1. Reference. Enter the voucher number, date, and other identification for the disbursement of the uncurrent check or the check overdraft or underdraft.

2. Explanation. Provide a narrative explaining the purpose for the form and a description of the check containing the DSSN of the issuing activity; check serial number; check date; and payee. Also, supply the

identification of any vouchers or other documents associated with the transaction.

3. Debit. Enter the amount to be charged (in U.S. dollar equivalent) and under it, enclosed in parentheses, show the appropriation classification data to be used to enter the disbursement in the financial records.

4. Credit. Enter the amount to be credited (in U.S. dollar equivalent) and under it enter the appropriation classification data to be used to enter the collection in the financial records.

5. Total. Enter the total debit and/or credit amount for all items listed in the body of the form.

#### C. Signature Element

1. Prepared By (Signature) and (Title). The account holder shall sign and enter his or her typewritten title.

2. Approved By (Signature) and Title). The DO shall sign and enter his or her typewritten title.

#### 1410 TRANSFERRING AND CLOSING THE LIMITED DEPOSITARY ACCOUNT

141001. General. When the person authorized to maintain an LDA is transferred from the activity or reassigned to duties where an LDA is not required, the account shall be reconciled and closed. When an LDA is no longer required, the account holder shall reconcile the account, leave a balance in the account sufficient to cover all current outstanding checks, and turn the account over to a settlement office designated by the servicing DFAS Center. If it is necessary to continue an LDA and the account holder is an agent of the DO, the account shall be reconciled and the unexpended balance shall be transferred to the DO. If it is necessary to continue the LDA and the account holder is the DO, the account shall be reconciled and the unexpended balance transferred to the successor DO.

141002. Reconciliation of an LDA. Prior to attempting to reconcile the LDA, the account holder shall contact the bank and request an up-to-date statement of the account and, if available,

all the paid LDA checks since the last bank statement. The account shall be reconciled by preparation of an SF 1149 as explained in paragraph 140902 above.

141003. Transfer of the LDA. When it is necessary to transfer the LDA to the DO or to a successor DO due to operational requirements or economic considerations, the actions in the following subparagraphs shall be taken.

#### A. By the Account Holder

1. Obtain an up-to-date bank statement from the LD.

2. Reconcile the LDA.

3. Prepare a list of the outstanding LDA checks and provide it to the individual charged with continuing the account.

4. Provide the LD with the name, official title, and address of the individual charged with continuing the account and arrange for future bank statements and paid checks to be delivered to that individual.

5. Turn over all undelivered LDA checks to the individual charged with continuing the account.

6. Issue a check payable to the transferee for the unexpended reconciled balance of the account.

7. Report the check transaction on line 10 of the final SF 1149.

8. Forward the SF 1149 and a list of the outstanding checks to the servicing DFAS Center or FIPC.

9. Enter the amount of the unexpended balance and provide a complete description of the check issued to the individual continuing the account as an Other Cash Item on line 7.9 of the SF 1219.

10. Return any unused checks belonging to the LD to the bank for disposition. If the unused checks were purchased by the disbursing activity, deliver them to the individual continuing the account.

B. By the Person Continuing the Account

1. Verify the LDA is in balance before relieving the account holder and ensure that a balance sufficient to satisfy all outstanding checks remains in the LDA.

2. Notify the LD of the new check signing and account holder identities.

3. Deposit the check received from the previous account holder for the unexpended balance and show the check amount on line 2 of the SF 1149 in the first monthly report of the individual continuing the account.

4. Make all required reports and process all transactions as prescribed in the procedures for the maintenance of LDAs in this chapter.

141004. Closing the LDA. When an LDA is no longer required the procedures to close the account are explained in the following subparagraphs.

A. By the Account Holder

1. Notify the servicing DFAS Center and request designation of a settlement office for liquidation of the account.

2. Request an up-to-date statement of the account from the LD.

3. Prepare a list of outstanding checks showing the name of the LD, check number, date, payee name and SSN, payee address, voucher number under which the check was disbursed, amount in units of foreign currency, amount of the check in equivalent U.S. dollars at the time of issue, DSSN and name of the DO under whose authority the account was established.

4. Prepare a letter for the commander's signature, in triplicate, advising the LD that the account will be closed with the withdrawal of the unexpended balance and that an amount sufficient to cover all outstanding checks will remain in the account. Provide the LD with the name, official title, and address of the settlement officer and request that future statements

and paid checks, if available, be forwarded until the account balance is depleted. Request the LD to acknowledge acceptance by signature and to retain the original and return two signed copies to the activity. One of the signed copies shall be retained by the account holder.

5. Prepare an LDA check, payable to the DO (by title) under whose authority the account was established, for the unexpended balance of the account. The DO shall cash the check and take it up in the SF 1219 by reducing line 6.1 and increasing line 6.2 by the amount of the check.

6. Reconcile the account and prepare a final SF 1149 as of the last day of business showing a zero checkbook balance on lines 12 and 18. The ending balance in the account shall be the total amount of the checks shown on the list of outstanding checks and on line 16.

7. Forward all undelivered checks; a copy of the final SF 1149; a copy of the up-to-date bank statement furnished by the LD; a signed copy of the letter advising the LD of closure of the account; a copy of the check issued for the unexpended balance of the account; and the list of outstanding checks to the designated settlement office.

8. Unused LDA checks belonging to the LD shall be returned to the bank for disposition. Unused LDA checks purchased by the disbursing activity shall be stored and disposed of in the same manner as Treasury checks. No certificate of destruction or notification to DFAS or to the Treasury is required when LDA checks are destroyed.

B. By the Designated Settlement Office

1. Verify the LDA is in balance before accepting accountability from the DO.

2. Use the documentation provided by the account holder to validate transactions in the LDA.

3. Render the monthly SF 1149 as prescribed in paragraph 140902 above using the documentation provided by the account

holder and the statements furnished by the LD after the account is closed.

4. Transfer the proceeds of uncurrent checks to Treasury as prescribed in paragraph 140502 above.

5. Issue replacement checks as prescribed in paragraph 140703 above.

6. When necessary, dispose of undeliverable checks as prescribed in paragraph 140503 above.

STANDARD FORM 1149 Revised March 1982 Dept. of the Treasury 1 TFM 4-8000		<b>STATEMENT OF DESIGNATED DEPOSITARY ACCOUNT</b>	
NAME OF DISBURSING OFFICER OR CASHIER SMSGT Joe L. Smith		NAME (Funds advanced by) Maj Eugene L. Doe, USAF	
STATION OR OFFICE USDAO, US Embassy, Brindisi, Italy			
NAME OF DEPOSITARY Banca Commerciale Italiana		LOCATION OF DEPOSITARY Brindisi, Italy	
ACCOUNT NUMBER (or other designation) as shown on depositary statement 26,042/00			
ACCOUNTING PERIOD From 1 Jun 19XX		To 30 Jun 19XX	
MONETARY UNIT OF THIS ACCOUNT Italian Lire			
(SEE REVERSE SIDE FOR LINE INSTRUCTIONS)			
1. Check-book balance at close of previous period		97,564	
2. Deposits to official credit:			
Transfers		0	
Others		6,217,187	6,217,187
3. Checks canceled this period		0	
4. Undeliverable checks credited this period		0	
5. Adjustments		0	
6. Uncurrent checks		0	
7. TOTAL TO BE ACCOUNTED FOR		6,314,751	
8. Total checks drawn this period		6,305,639	
9. Uncollectible checks returned by depositary		0	
10. Adjustments		0	
11. TOTAL		6,305,639	
12. Check-book balance close of period		9,112	
RECONCILIATION			
13. Balance per bank statement		101,791	
14. Add: Deposits in transit		0	
15. TOTAL		101,791	
16. Deduct: Outstanding checks		92,679	
17. Deduct: Deposits not credited by		0	
(Disbursing officer or cashier)			
18. Balance per check book		9,112	
19. U.S. dollar equivalent			
20. Rate of exchange 1,983		per \$1.00	
CHECKS USED THIS PERIOD			
BEGINNING SERIAL NUMBER 24,009		ENDING SERIAL NUMBER 24,057	
I certify that the above statements and supporting data are correct and in accordance with applicable regulations.			
DATE 15 July 19XX		SIGNATURE OF DISBURSING OFFICER OR CASHIER	
NSN 7540-00-682-6749		PREVIOUS EDITION USABLE	
		1149-105	

Figure 14-1. Sample SF 1149, Statement of Designated Depositary Account



STANDARD FORM 1149 (REV. 3-82) BACK

**LINE INSTRUCTIONS**

1. Report the balance in checking account carried forward from previous statement.
2. Enter the totals of all deposits, segregating transfers, made to the checking account during the month and submit a list showing date and amount of each deposit.
3. Show the total of all checks canceled during the report period, to be supported by corresponding Schedules of Canceled Checks, Standard Form 1098, and Unavailable Check Cancellation, Standard Form 1184.
4. Show on this line the total of credits to the checking account for undeliverable checks which have been credited to appropriation or fund accounts as supported by Standard Form 1185 schedules.
5. Report the total of all adjustments increasing the accountability during the report period. A detailed explanation should support each adjustment.
6. Add the total of checks that became uncurrent at the close of the fiscal year. A complete detailed listing of each uncurrent check should support the y on this line.
7. Show the total of lines 1 through 6, reflecting total accountability for the report period.
8. The grand total of all checks drawn for the period will be shown here. A complete detailed list or check carbon copies should be submitted.
9. The total of uncollectible checks returned by the depository during the report period will be shown here with supporting schedules showing the date and amount of the original certificate of deposit or deposit slip.
10. Enter the total of all no-check adjustments processed during the period which reduces the accountability, and submit a supporting detailed explanation of each adjustment.
11. Show the total of lines 8 through 10. This amount represents the total decrease in the checking account accountability for the report period.
12. The figure shown here will be the difference between the totals on lines 7 and 11.
13. Show on this line the balance of funds in the checking account as shown on the bank statement. Support with bank statement.
14. Show the total of all deposits in transit to the checking account, the amounts of which have been included in line 2. A detailed list showing the amount and date of each deposit must support this line amount.
15. Show here a total of lines 13 and 14.
16. Report here the total of outstanding checks in the account. Support this figure with a detailed listing of each check.
17. Report here the total of outstanding checks in the account. Support this figure with a detailed listing of each check.
18. The amount on this line should be the same as the total shown on line 12. If not, explain in detail.
19. The amount shown on this line will be the U.S. dollar equivalent of the monetary units shown on line 12 and as reported on the Statement of Accountability.
20. Show here the rate of exchange used in the conversion shown on line 19.

\*U.S. GOVERNMENT PRINTING OFFICE : 1982 O - 361-526 (8010)

**Figure 14-1. Sample SF 1149, Statement of Designated Depository Account (Back)**

STANDARD FORM 1098 Revised July 1980 Department of the Treasury 1 TFM 4-7000 1098-110		<b>"Limited Depository Account"</b> <b>SCHEDULE OF CANCELED OR UNDELIVERED CHECKS</b> CANCELED <input checked="" type="checkbox"/> UNDELIVERED <input type="checkbox"/>			
DEPARTMENT OR ESTABLISHMENT USAF			SCHEDULE NUMBER CF000001		
BUREAU OR OFFICE 487 CSG/ACF Banco Di Sicilia Acct #572654			SHEET NUMBER		
LOCATION Comiso ASIT APO AE 09694			D.O. SYMBOL NO. 8479		
ACCOUNTING PERIOD			AGENCY LOCATION CODE (ALC)		
DATE OF ISSUE	CHECK NUMBER	PAYEE	VOUCHER NUMBER APPLICABLE	AMOUNT	SYMBOL OF APPROPRIATION OR FUND TO BE CREDITED
10/12/XX	00,011,921	Ruth Savage 375,000L@.00800	F000001	300.00	57*3500
10/13/XX	00,012,001	Tom Grant 686,400L@.000758	F000002	520.00	57*3400
<b>TOTAL</b>				820.00	
The amount of the above check(s) was deposited for credit in the account of the U.S. Treasury, on deposit ticket no.		DATE OF DEPOSIT TICKET		FORWARDED (Date)	
DISBURSING OR ACCOUNTABLE OFFICER		DATE		BY (Name)	
Jonathon Andrews		10/15/XX		TITLE Deputy Disbursing Officer	
NSN 7540-00-634-4267			PREVIOUS EDITION NOT USABLE		

Figure 14-2. Sample SF 1098, Schedule of Canceled or Undelivered Checks

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## CHAPTER 15

FOREIGN CURRENCY ACQUIRED WITHOUT PURCHASE1501 SCOPE AND APPLICABILITY

150101. General. This chapter deals with the policy relating to the acquisition and handling of foreign currencies obtained by DOs without purchase for dollars and not carried in their dollar accountability. These currencies are acquired under the provisions of foreign assistance or foreign agricultural development programs. They are lodged in special accounts reserved for foreign transactions not involving foreign currency purchased with U.S. dollars and are called "FT" accounts. The requirements of this chapter are derived from Part 2, chapter 3200 and Part 4, chapter 9000 of reference (w).

150102. Legal Authority. FT accounts are established by the Treasury to provide local foreign currency for program expenditures in-country and delay draw downs on the Treasury General Account. These funds are most often received for the sale of surplus U.S. agricultural commodities under the Agriculture Trade Development Act of 1954, Public Law 83-480 (P.L. 83-480) codified in Title 7 of the U.S. Code. Funds may be made available from this source to satisfy DoD requirements for foreign currency in countries having Currency Use Payments (CUP) agreements under P.L. 83-480.

150103. Collections. For the purposes of this chapter, collections are defined as all acquisition of foreign exchange, including refunds or returns of payments, made in foreign currency not purchased with U.S. dollars. For the regulations in this chapter, foreign currency purchased with U.S. dollars is excluded.

150104. Availability. When FT funds become available, the United States Disbursing Officer (USDO) controlling those funds will determine the DoD foreign currency requirements by contacting the American Embassy in-country. DOs in non-excess foreign currency countries shall keep the American Embassy in-country advised of their foreign currency requirements at least once each calendar year. When the DOs are advised of the availability of FT funds, they shall address a written request for foreign cur-

rency to the Deputy Director for Finance, DFAS Headquarters, through the servicing DFAS Center. The request shall identify the DO to receive the funds, the activity to which the DO is attached, and the amount in foreign currency units of funds requested. DFAS Headquarters will forward a written request to the USDO for transfer of funds. The transfer and receipt of foreign currency obtained in this manner must be recorded in the financial records of the USDO and the DO in the same calendar month.

150105. Records. FT funds shall be recorded in a separate subsidiary record and reported separately from foreign currency purchased with U.S. currency. FT funds shall not be co-mingled with foreign currency purchased with U.S. currency or refunds and returns of U.S. funded foreign currency payments. FT funds shall not be included with U.S. currency and foreign funds purchased with U.S. currency reported on the SF 1219. FT funds subsidiary records shall be maintained in units of the foreign currency involved. Subsidiary records shall be maintained in such a way as to readily disclose the balance of foreign currency available for the DO's use.

1502 FOREIGN EXCHANGE STANDARDS

150201. Uniform Reporting. The requirements in this section are established to achieve comparability and consistency among DoD Components in the reports they submit on foreign exchange transactions. These procedures are not intended to place prohibitive limitations on the content of individual DFAS Center reports. Modifications of prescribed reporting formats are permitted as long as they are restricted to special columns, explanatory notes, or other devices that do not destroy the integrity of the basic data and the nature, extent and purpose of the modifications are fully disclosed. Material modification must be cleared, in advance, through DFAS Headquarters before being incorporated in any report.

150202. Consistency Between Reports. Foreign currency reports shall be consistent with regularly published Treasury foreign currency reports.

as to foreign currency units used by other nations and as to their U.S. dollar equivalent.

150203. Monthly Statement of DOs. Transactions and balances of foreign currency held outside dollar accountability (i.e., not shown on the SF 1219 by DOs) shall be submitted monthly on the DD Form 1363, Statement of Transactions and Accountability (FT Accounts). A separate DD Form 1363 must be submitted for each FT account. Amounts shall be stated in foreign currency units. Transactions shall be classified to provide for separate identification of receipts, disbursements, sales for dollars, transfers, conversion to third country currency, and other types of activity, if needed.

150204. Semiannual Statement of Balances. Treasury will extract the information in this report from its central accounts. The report shall show the foreign currency balances held by DOs, in units of the foreign currency and their U.S. dollar equivalent. Foreign currencies held under U.S. dollar accountability shall not be included in this report. Treasury will furnish two copies of the initial statement to DFAS Headquarters at the end of each semiannual period during which DOs have held foreign currency balances outside their U.S. dollar accountability. DFAS Headquarters will review the statement for agreement with its records and reconcile any discrepancies with the cognizant DO within seven working days of receipt from the Treasury. One copy of the accepted or adjusted statement, which will be the final statement, will be returned to the Treasury under a cover letter stating that the statement has been reviewed; adjusted if necessary; is in agreement with the records and reports of DFAS; and is a complete statement of the foreign currency balances held by DOs. DFAS Headquarters review and return of the statement should be accomplished within ten days of receipt from Treasury. Treasury will prepare the statement as of March 31 and September 30 each fiscal year.

### 1503 ADMINISTRATION OF FOREIGN EXCHANGE

150301. Collections. (See definition at paragraph 150103). Foreign exchange received by DOs shall be deposited no later than the next regular business day to the credit of the Treasury in FT receipt accounts designated by the collect-

ing agency or activity. DOs shall maintain records showing collections by source, Treasury receipt accounts to be credited with the dollar proceeds of the collection, and any restrictions on the use of the foreign exchange collected.

150302. Depositories. Foreign exchange held for the account of the Treasury shall be deposited only in depositories designated by the Treasury. Foreign exchange shall be deposited in an interest bearing account whenever practicable. Foreign exchange held for the account of the Treasury, or any other agency of the U.S. Government, shall be deposited in a separate account and not co-mingled with funds held by DOs for their own official limited depository account.

150303. Documentation of Foreign Exchange Transactions. Forms normally used for U.S. currency disbursements and collections shall be used for foreign exchange transactions. However, FT funds received by transfer from a USDO and interest earned on FT fund deposits must be reported on separate vouchers and not co-mingled with other collection transactions. The summary record of FT transactions is the DD Form 1363 prepared monthly and submitted to the servicing DFAS Center in the original and two copies along with the original and one copy of each voucher for FT transactions. Copies of the DD Form 1363 and related vouchers shall be retained for the DOs records. DFAS Centers shall forward a copy of the DD Form 1363 as soon as possible after the close of the reporting month, but no later than the 20th calendar day of the next month, to: Budget Reports Branch, Financial Reporting Division, Department of the Treasury, Liberty Center, Attn: GAO Building, Room 1731, Washington, DC 20227. Telephone (202) 566-6841.

150304. Withdrawals From Treasury Accounts. DOs reporting foreign exchange on DD Form 1363 shall make no withdrawals from the accounts in which those funds are held without authorization from the Treasury. The Treasury will authorize withdrawals only for sale for U.S. dollars or transfer to agencies for authorized purposes, without reimbursement to Treasury, as provided by law. DOs requiring foreign exchange for authorized purposes shall submit their request to Treasury through the servicing DFAS Center and DFAS Headquarters. Requests shall identify the DO requiring the foreign

exchange by name and location and specify the number of foreign currency units needed.

150305. Exchange Rates. The Treasury reporting rate shall be used to establish the U.S. dollar value of FT foreign currency. These rates are published on the first day of each quarter by the Treasury. The rates published at the beginning of a quarter shall be used to value the FT currency at the close of the preceding quarter and for all FT transactions and balances in the current quarter, except for the closing balance of the current quarter. For example, the rate published on April 01 would be applicable to the balance as of March 31, to the transactions for April, May, and June, to the balances of April 30 and May 31. The rate published for July 01 would apply to the balance of June 30. Amendments to the published quarterly rate will be made during a quarter if the rate changes by 10% or more, or a new currency unit is established. The published rate will usually be rounded to four significant digits.

150306. Transaction Valuations.

A. Refunds and Reverse Transaction Items. For reporting purposes these items are valued at the Treasury reporting rate on the date they occur, not at the rate used for the original transaction. Adjustments shall be made to financial records to reflect exchange rate fluctuations.

B. Sale of FT Currency for U.S. Dollars. The sales transactions of FT currency are recorded at the Treasury reporting rate in effect on the date of the sale. The value of the FT currency sold and the U.S. dollar proceeds of the sale shall always be equal and no gain or loss by exchange occurs.

C. Sale of FT Currency for Another Foreign Currency. The Treasury reporting rate shall be applied to the FT currency disposed of and the equivalent U.S. dollar value shall be assigned to the foreign currency acquired. This creates a "wash" transaction. However, if the Treasury reporting rate for the currency acquired is different from the U.S. dollar value assigned as a result of the sale, an accounting adjustment must be made to record the difference.

150307. Conversion of Currencies. DOs shall report the amount of currency available for

conversion to another foreign currency or to U.S. dollars, held in FT accounts in excess and near-excess currency countries each time the available FT balance reaches the equivalent of \$10,000 in U.S. dollars. FT balances available for conversion are limited to loan repayments under Title 1 of Public Law 480 where the parties have entered into an agreement stipulating 2 percent convertibility. These reports shall be submitted in original and one copy to the address in paragraph 150303.

1504 CAPTURED FOREIGN CURRENCY

Treasury has provided the guidance contained in this section concerning the handling of captured foreign currency, both when there is a current market for the funds and when there is not. USDOs are the primary accountable officers responsible for accounting and reporting foreign currency not acquired by purchase with dollars. Captured foreign currencies are treated as FT funds. Captured foreign currency, both when there is a current market for the funds and when there is not, shall be delivered promptly into the custody of the USDO servicing the particular country involved. Whether there is or is not a current market for the funds, is a separate issue that should be dealt with after the funds have been safeguarded and accounted for by the USDO. Should any DO within the DoD initiate the collection of FT funds (i.e. captured foreign currency), the currency shall be safeguarded and delivered to the USDO serving that particular country as soon as possible. The DO shall not collect the funds into U.S. dollar accountability or into the DO's FT accounts, if any.

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## CHAPTER 16

FOREIGN CURRENCY RECORDS AND REPORTS1601 SUBSIDIARY RECORDS

160101. General. All transactions involving foreign currency are treated as cash transactions and basically follow the same principles and guidelines established for controlling U.S. currency. All DOs, agents, and cashiers who engage in foreign currency transactions (collections, disbursements, and accommodation exchanges) shall maintain a record of such transactions on DD Form 2663, Foreign Currency Control Record. The DD Form 2663 shows current balances of foreign currency on hand (all foreign currency held by cashiers, in the vault, or by other agents of the DO) and in LDAs and the detailed transactions that increase or decrease these balances. Foreign exchange (FT) account foreign currency transactions (see chapter 15 of this Volume) are not included on DD Form 2663.

160102. Requirement for Separate DD Forms 2663. Separate DD Forms 2663 shall be maintained for each type of foreign currency used (for example, Italian lira, French francs, or Japanese yen). Also, a separate DD Form 2663 shall be maintained for accommodation exchange foreign currency if it is carried at a different exchange rate than that used for disbursements. At the DO's discretion, separate DD Forms 2663 may be maintained for foreign currency on hand and foreign currency in LDAs.

160103. Preparation of DD Form 2663. The DD Form 2663 is designed for notebook-style usage. Both sections (sides) of the form must be completed to make a complete record of each line entry. An example of DD Form 2663 is shown as figure 16-1. Complete the form as follows:

A. Item 1: Date. Enter the applicable transaction date.

B. Item 2: Transaction Reference. Enter data that will enable reference to transaction source documents (voucher number, revaluation, LDA check number, etc.).

C. Item 3: Exchange Rate. Enter the foreign currency to United States dollar exchange rate applicable to the transaction.

D. Item 4: Collections

1. Subitem a: Miscellaneous Receipts. Enter the number of foreign currency units in the units column and the United States dollar equivalent of those units in the dollars column for any foreign currency collected into a Treasury miscellaneous receipt account.

2. Subitem b: Reimbursement/Refund. Enter the number of foreign currency units in the units column and the United States dollar equivalent of those units in the dollars column for any foreign currency reimbursement or refund transactions. At the DO's option, these columns may be used only for reimbursements with refunds being netted out in Item 8. Line through the word "refund" in the item heading if this option is exercised.

E. Item 5: Purchases

1. Subitem a: Government Sources. Enter the number of foreign currency units in the units column and the United States dollar equivalent of those units in the dollars column for any foreign currency purchases from government sources including other DOs, Treasury, State Department, etc. Include foreign currency acquired from government sources that will be used for accommodation exchange purposes. However, do not include foreign currency acquired in accommodation exchange transactions.

2. Subitem b: Non-Government Sources. Enter the number of foreign currency units in the units column and the United States dollar equivalent of those units in the dollars column for any foreign currency purchases from non-government sources including military banking facilities and nonappropriated fund activities. Include foreign currency acquired from non-government sources for purposes of



making accommodation exchanges and foreign currency acquired in accommodation exchanges.

3. Subitem c: Outlay for Accommodation Exchange. This subitem is for memorandum entry only since any foreign currency acquired in accommodation exchange transactions is included in subitem 5b above. Enter the United States dollar equivalent of those units in subitem 5b associated with accommodation exchange purchases. These amounts are required for foreign currency reporting. This subitem may be left blank when a separate DD Form 2663 is maintained exclusively for accommodation exchange transactions.

F. Item 6: Country. Enter the name of the country whose currency is reported on the DD Form 2663 (i.e. France, Italy, Japan, etc.).

G. Item 7: Currency Unit Type. Enter the name of the foreign currency reported on the DD Form 2663 (i.e. Franc, Lira, Yen, etc.).

H. Item 8: Disbursements. Enter the number of foreign currency units in the units column and the United States dollar equivalent of those units in the dollars column for any foreign currency disbursements. If foreign currency refunds are included in subitem 4b, disbursements entered in this item should be gross disbursements. If only reimbursements are entered in subitem 4b, disbursements entered in this item should be net of refunds.

I. Item 9: Deposits/Sales/Transfers. Enter the number of units of foreign currency in the units column and the United States dollar equivalent of those units in the dollars column represented by accommodation exchange sales, deposits to a general depository, or transfers to other DOs or agents outside the DO's accountability. Do not show deposits to an LDA in this item.

J. Item 10: Gain or Loss. Enter gains or losses resulting from revaluation of foreign currency on hand and in an LDA. Include any gains or losses recognized on the basis of individual disbursement or accommodation exchange transactions. Also enter the amount of any physical losses of foreign currency. (Overages of foreign currency should be processed as a reimbursement to \*\*F3875 or eventually as a

receipt account collection. See chapter 06 of this Volume).

#### K. Item 11: Sub Balance.

1. Subitem a: On Hand. Enter the cumulative number of units of foreign currency in the units column and the United States dollar equivalent of those units in the dollars column representing the balance of foreign currency on hand (not including currency on deposit in an LDA). Entries in this subitem should be balanced (offset) by entries in other items of the DD Form 2663. The only exception is when foreign currency being carried as cash on hand is deposited to an LDA or when an LDA check is written to obtain cash on hand. Such transactions are entered as a decrease (or increase, as appropriate) in the units and dollars columns of this subitem and as an increase (or decrease, as appropriate) in the units and dollars columns of subitem 11b. Appropriate reference to such a transaction must be entered in items 1 and 2.

2. Subitem b: LDA. Enter the cumulative number of units of foreign currency in the units column and the United States dollar equivalent of those units in the dollars column representing the balance on deposit in an LDA. Entries in this subitem should be balanced (offset) by entries in other items of the DD Form 2663 except for transactions involving transfers between cash on hand and cash in an LDA as explained in the preceding subparagraph.

L. Item 12: Combined Balance. Enter the total of the units columns of subitems 11a and b in the units column. Enter the total of the dollars columns of subitems 11a and b in the dollars column.

160104. Totalling the DD Form 2663. Compute and enter column totals of items 4 through 10 at the end of each month, at the end of each quarter, and at the end of each year.

#### 1602 FOREIGN CURRENCY REPORTS

160201. Monthly DD Form 1363, Statement of Transactions and Accountability (FT Accounts). This monthly report is not submitted unless DOs hold funds outside their dollar accountability. Currently, no DOs in the DoD hold such funds.

Instructions for its use and disposition shall be provided by the servicing DFAS Centers when necessary.

160202. Quarterly Reports of DOs.

A. Cumulative Report of Foreign Currency Purchased With U.S. Dollars from Sources Outside the U.S. Government. This report shall be submitted at the end of each quarter and is cumulative for the fiscal year. The report shall include amounts acquired through accommodation exchange transactions as well as purchases from banks and other dealers in currency exchange. The report shall be in the form of a listing under the following headings: Country of Currency; Monetary Unit; Number of Units Purchased; Total Dollar Outlay; and Memorandum - Dollar Outlay for Accommodation Exchanges. Reports shall be submitted to the servicing DFAS Center within 15 calendar days after the close of each quarter.

B. Report of the Balance of Foreign Currency Held Under Dollar Accountability. This report shall be in the form of a listing under the following headings: Country of Currency; Monetary Unit; Number of Units; Dollar Equivalent; and Rate of Exchange. The report shall be submitted at the end of each quarter to the same activity as the cumulative report on outside purchases above and may be combined with that report.

C. Report of Foreign Exchange Received by DOs and Credited Immediately to Miscellaneous Receipt Accounts of the Treasury. These funds are received for such things as fees and services and are immediately purchased by DOs with appropriated funds for their operating needs. Repayments to appropriations and receipts to FT accounts are excluded. The report shall be in the form of a listing under the following headings: Country of Currency; Monetary Unit; Number of Units; Dollar Equivalent; and Rate of Exchange. This report shall be submitted at the end of each quarter to the same activity as the cumulative report of outside purchases and quarterly report of balances of foreign currency on hand and may be combined with those reports.

160203. Consolidated Quarterly Reports of DOs. The DFAS Centers shall consolidate the

quarterly reports of DOs detailed above and forward them as directed by DFAS Headquarters in time to be delivered to Treasury 45 calendar days after the close of each quarter. Simultaneously, a copy of the combined consolidated quarterly reports of DOs or a consolidated quarterly report of foreign currency on hand only shall be submitted to the Department of Commerce.

1603 SF 1219, STATEMENT OF ACCOUNTABILITY

160301. General. All foreign currency balances held under a DO's dollar accountability, including limited depositary checking account balances, shall be reported on the SF 1219. All entries in the amounts column shall be expressed in their U.S. dollar equivalent. Refer to chapter 19 of this Volume for complete details on preparation of the SF 1219.

160302. Specific Entries

A. Line 1.00 - Total Accountability Beginning of Period. The amount reported here shall be the total U.S. dollar accountability of all currencies, both U.S. and foreign, and include any balances from limited depositary checking accounts expressed as a U.S. dollar equivalent. The monetary unit/units of foreign currency holdings shall be spelled out and enclosed by parentheses immediately after the caption "1.00" in the blank space between the caption and the amount column.

B. Lines 2.00 Through 4.9 - Transactions. The amounts entered on these lines shall be reported at the U.S. dollar equivalent of all transactions in all currencies, both U.S. and foreign. However, note that Line 2.1 - Checks Issued on the U.S. Treasury, refers only to U.S. Treasury checks. Limited depositary checks shall not be reported on this line. Also, note that Line 4.2 - Deposits Presented or Mailed to Bank refers only to deposits made for credit to the Treasury General Account. Deposits made to a limited depositary checking account in the name of the activity or the DO shall not be reported on this line.

C. Line 5.00 - Total Accountability Close of Period. The amount reported here shall be the total U.S. dollar accountability of all

currencies, both U.S. and foreign, and include any balances in limited depositary checking accounts expressed as a U.S. dollar equivalent. The monetary unit/units of foreign currency holdings shall be spelled out and enclosed by parentheses immediately after the caption "5.00" in the blank space between the caption and the amount column.

D. Line 6.1 - Cash on Deposit in Designated Depositary. The name of the limited depositary bank, the U.S. dollar equivalent of foreign currency, and the monetary unit of foreign currency held in limited depositary checking accounts shall be shown on this line in the blank space provided. If more than one limited depositary checking account is maintained, a separate schedule shall be attached to the SF 1219 showing the name of each bank, location, monetary unit of currency carried, and U.S. dollar value for each limited depositary checking account.

E. Lines 6.2 Through 7.9 - Analysis of Accountability. The entries in the amount columns of lines 6.2 through 7.9 shall include the U.S. dollar equivalent of any foreign currency appropriate to the line caption. The monetary units of foreign currency and the U.S. dollar equivalent shall be shown enclosed in parentheses in the blank space between the line caption and the amount column.

F. Line 8.0 - Total of My Accountability. The entry in the amount column shall equal the sum of the entries in the amount columns for lines 6.1 through 7.9. The sum of the U.S. dollar values for each of the foreign currencies shown in parentheses on lines 6.1 through 7.9 shall be shown along with the respective monetary unit enclosed in parentheses in the blank space between the caption "8.0" and the amounts column. The totals in the blank space between the caption and the amount column shall equal the entry in the amount column. The entry in the amount column for line 8.0 shall equal the entry in the amount column for line 5.00 unless the DO is acting as settlement officer for former DOs at that station and entries are required on lines 9.2 through 10.0.

G. Lines 9.2 Through 10.0 - Analysis of Predecessor's Accountability. Entries on lines 9.2 through 10.0 shall follow the same guidelines used for lines 6.1 through 8.0 if foreign currency holdings are included in the U.S. dollar figure in the amount column.

H. Line 11.0 - Total Disbursing Office Accountability. The entry in the amount column shall equal the sum of the entries in the amount column for lines 8.0 and 10.0 and shall also equal the entry in the amount column for line 5.00. Any foreign currency monetary units and their U.S. dollar equivalents shall be shown in the blank space between the caption "11.0" and the amount column.

[illegible]

DD Form 2663, AUG 93

**Figure 16-1. Sample DD Form 2663, Foreign Currency Control Record**

DD Form 2663, AUG 93 (Back)

**Figure 16-1. Sample DD Form 2663, Foreign Currency Control Record (Back)**

## CHAPTER 17

MILITARY PAYMENT CERTIFICATES1701 INTRODUCTION

170101. Conditions for Use. Military payment certificates (MPC) are available for use in overseas areas when their use would be in the best interest of the U.S. Government. In these cases, MPC shall be used instead of U.S. currency for payment of pay and allowances to DoD military and civilian personnel and to conduct transactions on overseas facilities operated or controlled by U.S. Forces. MPC can be used only with the approval of the DoD(C). MPC may be authorized for use in an overseas area when one or more of the following conditions exist.

A. U.S. forces are engaged in active military or occupation operations in a location where the use of U.S. dollars may result in sizable amounts falling into enemy hands.

B. A foreign government allied with the United States in an active military operation uses its sovereign right to prohibit the use of U.S. dollars, but will permit the use of MPC by U.S. forces and agrees to police the prohibition of its citizens from holding such instruments.

C. U.S. forces are present in a foreign country at the invitation of the host government whose foreign exchange regulations prohibit the use of U.S. dollars within its borders.

D. The introduction of sizable amounts of U.S. dollars into a foreign area having a weak unstable economy will cause devaluation of the local currency or black market activity in U.S. dollars.

E. The duration of active military or occupation operations is anticipated to last more than 180 days.

170102. Acquisition. The Secretary of the Army, or designee, shall budget and fund for the design, printing, storage, transportation, and distribution of MPC; maintain at least two reserve MPC series in sufficient quantities and denominations to meet realistic contingency requirements as determined in coordination with

respective unified commands; and, maintain contingency plans and procedures to implement the MPC system on short notice, if required.

170103. Responsibilities

A. DoD(C). The DoD(C), or designee, shall, in coordination with DoD Components, the cognizant unified commander, and other U.S. Government agencies, authorize the implementation, conversion or withdrawal of MPC from overseas areas and take final action on requests for exceptions to this policy.

B. Heads of DoD Components. The Heads of DoD Components with overseas responsibilities shall: maintain standby procedures that implement both the guidance contained herein and, for the MPC system, those procedures established by the Director, DFAS; ensure the coordination of any theater-specific plans and standby procedures with the proper unified commander and other affected DoD Components; and, direct Component commands to submit requests for establishment of an MPC area through the cognizant unified commander.

C. Commanders of Overseas Unified Commands. The commanders of the overseas unified commands shall: forward to the DoD(C) all requests received through military or diplomatic channels, together with the unified command recommendation for implementation, conversion, or withdrawal of MPC in a country or other geographic or geopolitical area within respective theaters; and, monitor and coordinate the application of the provisions contained in this chapter within respective command areas.

D. Bureau of Engraving and Printing. The Bureau of Engraving and Printing, Department of the Treasury, shall design, engrave, and print (or contract for printing) all MPC as authorized by 31 United States Code 5114 (reference (o)).

1702 PROCEDURES

170201. Establishment of MPC Area. When implemented as legal tender, MPC shall be the only medium of exchange used by DoD Components in MPC areas for pay and allowances of personnel and to conduct transactions in U.S. operated or U.S. controlled facilities. When an MPC series is declared to be legal tender, all notes of that series, regardless of whether placed in circulation or held in bulk storage by DOs, shall be treated and accounted for as cash held at personal risk. DOs, MBFs, Defense credit unions, military postal units, and non-appropriated fund activities operating in MPC areas shall not exchange or engage in MPC transactions with unauthorized personnel. MPC may be exchanged by authorized personnel in MPC areas for local currency at designated foreign exchange facilities. Authorized personnel in MPC areas shall not accept, transfer, or exchange MPC with individuals not authorized to possess them. Unified commanders may establish limits on conversions, when necessary to minimize black market activity in MPC.

170202. MPC Administration. The U.S. dollar equivalent of the face value of each MPC series declared legal tender shall be established by the Secretary of the Army as a cash collection to the unique deposit fund account "Reserve for Redemption of MPC, Army," 21A8815 (by limitation). Conversely, the dollar equivalent of the face value of each MPC series withdrawn from use or destroyed under approved destruction procedures shall be removed from the respective deposit fund account. These actions shall ensure that there is dollar backing and accountability for all MPC in use as legal tender, thereby removing the possibility of MPC being considered as inconvertible and that MPC are not used to supplement appropriated funds. The Secretary of the Army, or designee, shall inspect and test the effectiveness and integrity of the MPC system. Such inspections and tests are intended to prevent possible losses from fraud, counterfeiting, or mismanagement. In addition to the MPC series in circulation as legal tender, a reserve series shall be held in each area in sufficient quantity to replace the series in use should a conversion become necessary. The MPC reserve series shall be maintained and secured as accountable public property.

170203. MPC Conversion Program

A. Program Initiation. Upon establishment of an MPC area, the Secretary of the Army, or designee, shall monitor and evaluate local black market, economic, and foreign exchange conditions to determine if the MPC series in circulation should be replaced with an MPC reserve series. An MPC conversion program shall be initiated: when a majority of the notes in circulation becomes unserviceable; when a significant degree of counterfeiting activity is detected; or, from time to time to test the integrity of the MPC system and discourage unauthorized MPC holders from participating in MPC transactions.

B. Program Administration. MPC conversion programs shall: be administered with a minimum of disruption to normal operations; afford all authorized holders of MPC the opportunity to convert legally acquired holdings without loss of funds; and, provide adequate safeguards to prevent unauthorized holders of MPC from participating in the conversion program.

C. Authorized Personnel. Authorized personnel who have MPC that were acquired legitimately may exchange those certificates for U.S. currency and coin or dollar instruments (including Treasury checks) under the following conditions: upon departure for the United States; when traveling under competent orders to areas where MPC are not designated; or, when traveling under competent orders to MPC areas where DOs, agents, or exchange facilities are not readily available to the traveler. The provisions of this paragraph shall not be construed as authorizing DOs or their agents in areas outside of MPC areas to convert MPC for authorized personnel returning from MPC areas. Such exchange must be made prior to departure from the MPC area.

D. Suspected Certificates. MPC suspected of being acquired illegitimately shall not be converted for any holder under circumstances where there are reasonable grounds to believe that the holder was not an authorized person at the time of acquisition or that the certificates were acquired by the holder, or by another with the holder's knowledge, from a person not authorized to possess or use them. Amounts of certificates exceeding those which the holder

would normally acquire or hold under applicable circumstances per local regulations shall not be approved for conversion unless the holder shows by a preponderance of evidence that they were acquired legitimately. Where there are reasonable grounds to believe the MPC were not acquired legitimately, they shall be impounded and kept pending an administrative determination as to the source of acquisition. If it is determined that the individual concerned was not an authorized person at the time of acquisition, the certificates shall be confiscated and the dollar proceeds deposited to general fund (miscellaneous) receipt account "Fines, Penalties and Forfeitures Not Otherwise Classified," \*\*R1099. If it is found that the individual concerned was an authorized person at the time of acquisition, or that the certificates belong to an authorized person, the certificates, or their dollar value shall be returned to the owner. If it is determined that the certificates were acquired from an unauthorized person, the certificates shall be confiscated and the dollar proceeds deposited to receipt account \*\*R1099. Collection vouchers effecting these credits shall cite claimants' names and sufficient information to permit ready identification of the credits in order to facilitate the processing of any subsequent claims for amounts deposited.

170204. MPC Withdrawal. Periodically, but not before 1 year has elapsed since the date that a particular MPC series has been withdrawn from circulation, the unredeemed balance in the deposit fund account for that series, less an estimated amount to cover possible claims, shall be transferred to the account, "Miscellaneous Receipts of the U.S. Treasury." The amount to cover estimated claims shall be transferred to a deposit fund account established for paying valid claims against withdrawn MPC series. If a legitimate claim originates after funds have been transferred to account, "Miscellaneous Receipts of the U.S. Treasury," and the claim is approved for payment by the Secretary of the Army, or designee, the claim shall be honored from the deposit fund account with proper notation made as to the applicable MPC series.

#### 1703 CLAIMS

Claims for conversion of MPC, as well as claims arising out of the refusal of the command to convert MPC, shall be referred to the Secre-

tary of the Army, or designee, for adjudication and final determination. The time limit for filing claims for invalidated MPC (all MPC issued prior to 1974) expired on 30 September 1980. A time limit for filing of claims for MPC issued after 1974 shall be established by the Secretary of the Army.

#### 1704 COUNTERFEIT CERTIFICATES

Most counterfeit certificates shall be readily detected by their general appearance, more specifically, by the ink being off-color, by the absence of lines present in genuine certificates, or, by the lack of uniformity in color and width of lines. Counterfeits can often be detected by the appearance and feel of the paper. Genuine paper has a distinctive feature in the form of red and blue colored paper disks. Any certificates believed to be counterfeit shall be handled in accordance with the procedures used for counterfeit U.S. currency. In addition, a message report shall be made to the nearest U.S. military investigative service and the Secretary of the Army, giving a brief description of the difference between the genuine and the counterfeit certificates and the amount of counterfeit MPC recovered.

#### 1705 DESTRUCTION OF MILITARY PAYMENT CERTIFICATES

##### 170501. Destruction Schedules

A. Preparation. When MPC are returned from area DOs and from authorized area banks, prepare a destruction schedule in five copies for each series of certificates to be destroyed. See figure 18-1 for an example certificate of destruction. Separate destruction schedules shall be prepared for circulated and uncirculated MPC. Citation to authority for destruction shall be shown on the schedule.

B. Submission to Destruction Committee. The original and three copies of the schedule shall be submitted with the certificates to be destroyed to the destruction committee.

##### 170502. Authority for Destruction

A. Authority. The Secretary of the Army, or designee, shall issue all instructions pertaining to the destruction of MPC.



B. Valid Series of MPC. The commander of each overseas command is delegated the authority to destroy mutilated and/or decomposed MPC of the series currently valid.

C. Invalidated MPC. Invalidated MPC withdrawn from circulation and received by the command accountable officer shall be destroyed only after reconciliation with the accountable officer and specific authorization by the Secretary of the Army, or designee.

D. Reserve Series. Under emergency conditions, reserve series of MPC held by the command accountable officer shall be destroyed in the manner described below.

170503. Destruction Committee

A. Appointment. The authority to appoint a destruction committee to accomplish the destruction of certificates within the command area is delegated by the Secretary of the Army to the commander of each major overseas command.

B. Personnel. The committee shall be composed of not less than five officers under the jurisdiction of the commander. Personnel of the disbursing office shall not be appointed to serve on the committee.

C. Jurisdiction. The committee shall act under the jurisdiction of the Secretary of the Army, or designee, in all activities pertaining to the destruction of MPC.

170504. Verification of Certificates. The total of MPC presented for destruction as indicated on the destruction schedule shall be verified by the destruction committee. Should discrepancies occur between the number of pieces and/or the amount verified and the number of pieces and/or the amount shown on the destruction schedule, a new schedule containing the verified figures shall be submitted by the accountable officer. The original schedule must be destroyed.

170505. Methods of Destruction

A. Burning. The total amount of the MPC received for destruction shall be verified with the amount shown on the schedule. Imme-

diately after verification, all certificates shall be destroyed by burning to ashes under the supervision of and in the presence of not less than three members of the committee. When all certificates have been completely destroyed, each member witnessing the destruction shall sign the certification on each copy of the destruction schedule.

B. Alternate Methods for Destruction. Three alternate methods for destroying certificates (shredding, maceration, and heating in the presence of caustic soda) are approved when facilities for burning are not adequate or available. Not less than two members of the committee shall be present during the entire operation or until it can be determined that the certificates are completely unrecognizable as currency when any of the alternate methods are used. Upon completion of the operation, destruction schedules shall be certified as required above.

## CHAPTER 18

EMERGENCY DISPOSITION OF CURRENCY, COIN, AND NEGOTIABLE INSTRUMENTS1801 POLICY

180101. Disposition. Under emergency conditions or in anticipation of enemy action, negotiable instruments, currency, and coin held at personal risk by DOs shall be evacuated if possible. If time and circumstances make it appear that capture of these funds is inevitable (in the opinion of the DO or the commander) the funds shall be destroyed of in a manner that is absolute. The destruction shall be witnessed as prescribed in this chapter. In high threat areas, most bases have a Threatcon system to indicate the level of the threat. Upon initial notification of a threat that may require the destruction of currency and negotiable instruments, the DO should determine cash requirements, recall or purchase excess funds, and evacuate these funds to a designated safe haven.

A. Combustible Materials. Paper currency, checks, bonds, MPC, and other burnable documents shall be burned completely to ashes.

B. Solid Substances. Coin and other valuable non-burnable items shall be disposed of by scattering in deep bodies of water when possible. When no suitable bodies of water are present, these items shall be secretly buried in the ground.

C. Alternatives. Currency and other paper-type negotiable instruments may be shredded, pulped, or eaten by caustic substances when it is impossible to burn them completely. However, such alternative methods of destruction must completely destroy their original character and appearance so as to make them non-negotiable. Coins may be fused or mutilated in such a manner as to make them unrecognizable as U.S. or foreign coins. Bars, ingots, and other units of precious or valuable substances shall be fragmented and scattered so as to make their recovery impossible or at least uneconomical.

180102. Destruction Precedence. Because sufficient time may not be available to document

and perform the destruction of funds held by the DO, funds shall be readied for destruction in the following priority: U.S./foreign currency and negotiable instruments carried as cash in the DOs' accounts; blank Treasury checks, blank limited depository checks, blank U.S. savings bonds, and reserve series of MPC; currency, negotiable instruments, and valuables held for safekeeping; coins; and, other valuables (signature dies, seals, etc.) in the custody of the DO. DOs in areas of elevated tension should anticipate the possibility of emergency destruction and maintain a means to rapidly inventory and destroy their funds.

180103. Sudden Destruction. When currency and coin are destroyed without previous warning, such as by explosion, fire, sinking of a vessel, or aircraft accident, the DO accountable for the funds shall prepare a written statement about the circumstances under which the funds were destroyed and forward it with a request for relief to the servicing DFAS Center. In the event the DO does not survive the disaster that destroyed the funds, the officer designated to settle the account shall act in the DO's behalf. The designated officer shall reconstruct the accountability of the DO and initiate the appropriate requests for relief.

1802 PREPARATION FOR EMERGENCY DESTRUCTION OF CURRENCY180201. DOs and Their Agents

A. U.S. Currency and MPC. If time permits, the DO shall prepare DD Form 2669, Destruction Schedule in an original and 3 copies for all U.S. currency destroyed. See figure 18-1. A separate DD Form 2669 shall be prepared for MPC. The reason for destruction of the currency shall be annotated in the space provided. For full or partial packages of new currency, the beginning and ending serial numbers of each denomination of the currency shall be annotated in the spaces provided. The destruction shall be witnessed by three disinterested commissioned officers, at least one of whom should be senior in rank to the DO. The name, rank, and signature

of the witnesses shall be entered in the spaces provided. Destruction shall not be delayed pending arrival of the DO's superior. If no officer senior to the DO is available, any disinterested commissioned officer may serve as the third witness to the destruction. The method of destruction shall be indicated in the space provided in the witnesses' certification.

B. U.S. Coins. If time permits, the DO shall prepare a DD Form 2669 as described above for all U.S. coins destroyed. The DD Form 2669 shall contain the same type of information required for U.S. currency except that it shall list the denominations and value of each denomination of coin destroyed and shall be witnessed by two disinterested commissioned officers, or by two disinterested non-commissioned officers, or by two reliable U.S. citizens, or any combination of such individuals. The preprinted denominations of paper currency shall be struck out and the denomination of the coins entered. The word "currency" shall be struck out and "U.S. Coins" entered immediately above in both the DO's and the witnesses' certification blocks.

C. Foreign Currency and Coin. If time permits, a DD Form 2669 shall be prepared and witnessed for destruction of foreign currency and coin. The appropriate areas of the DD Form 2669 shall be modified to identify the denomination of the foreign currency and coin. Separate DD Forms 2669 are required for foreign currency held for safekeeping and that held as public funds and for foreign coin held for safekeeping and that held as public funds when both types of funds are held by the DO. The destruction shall be witnessed as prescribed above for U.S. currency and coin.

D. Check Stock. If time permits, the DO shall prepare a list in an original and 3 copies of all U.S. Treasury and LDA check stock destroyed. The list shall indicate the range (from and through) of check numbers destroyed for each series of checks maintained by the DO (including control check stock). The destruction shall be witnessed as prescribed in paragraph 180201.A above.

E. Savings Bond Stock. If the DO has U.S. Savings Bond stock, it should be destroyed in the same manner as check stock. A list shall be prepared in an original and 3 copies indicat-

ing the range (from and through) of bond serial numbers for each denomination of bonds. The destruction shall be witnessed as prescribed in paragraph 180201.A above.

F. Signature Plates. Signature plates shall be crushed, disposed of in deep water, or, as a last resort, buried.

#### 180202. Non-appropriated Fund Custodians

A. U.S. Currency, Coin, and MPC. When ordered by competent authority, these activities shall turn in their U.S. currency, coin, and MPC to the nearest DO in exchange for a Treasury check in the appropriate amount. These funds then become public funds for which the DO is accountable. If destruction becomes necessary, these funds shall be included on the DD Form 2669 required above.

B. Foreign Currency and Coin. When ordered by competent authority these activities shall turn in their foreign currency and coin to the nearest DO in exchange for a receipt stated in units of the foreign currency. The receipt shall state plainly that the foreign currency is being accepted for safekeeping and that neither the DO nor the U.S. Government is accountable for loss or destruction as a result of the existing emergency. See chapter 27 of this Volume. However, if, after accepting foreign currency and coin for safekeeping, the DO discovers a requirement for its use, the DO shall issue a Treasury check for the U.S. dollar equivalent of the foreign funds used. If destruction becomes necessary, the DO shall prepare DD Form 2669 if time permits.

180203. MBFs. The earliest possible notice shall be given MBFs when the commander believes it is prudent for the MBFs to liquidate their coin and currency holdings. Bank managers in critical areas shall be authorized to periodically exchange currency that is in excess of day-to-day requirements for a Treasury check. This practice will reduce outstanding currency susceptible to loss to a manageable level.

A. U.S. Currency and Coin. When it becomes necessary to destroy U.S. currency and coin it shall be transported by the MBF to the nearest DO and exchanged for a Treasury check. As with U.S. currency and coin received from

non-appropriated fund activities, this currency and coin becomes public funds for which the DO is accountable and shall be included on the DD Form 2669 prepared by the DO. When such delivery cannot be made, the bank manager should prepare a destruction schedule similar to the DD Form 2669; then verify and burn the currency into unidentifiable ashes in the presence of at least one representative from the MBF and two commissioned officers of the Armed Forces. U.S. coins shall be disposed of by the MBF as prescribed in paragraph 180101.B above.

B. Foreign Currency and Coin. MBF managers may turn in to the nearest DO their holdings of foreign currency and coin for safekeeping in exchange for a receipt stated in units of the foreign currency. The receipt shall specify that neither the DO nor the U.S. Government assumes accountability for loss or destruction of the foreign currency and coin as a result of the existing emergency. See chapter 27 of this Volume. If the DO has need for the foreign currency for operational purposes, a Treasury check shall be issued for the U.S. dollar equivalent of the foreign funds used. If destruction becomes necessary, the DO shall prepare DD Form 2669 if time permits.

#### 180204. Other DoD Sponsored Activities

A. U.S. Currency and Coin. Managers shall deliver U.S. currency and coin to the nearest DO in exchange for a Treasury check or for a receipt for the value of the currency. A Treasury check shall be issued at a later time in exchange for the receipt previously given. As with U.S. currency and coin received from non-appropriated fund activities, when a Treasury check is issued in exchange for the value of the funds, the funds become public funds for which the DO is accountable and shall be included on the DD Form 2669 prepared by the DO.

B. Foreign Currency and Coin. Managers shall deliver foreign currency and coin to the nearest DO to be held for safekeeping. The DO shall issue a receipt stated in units of the foreign currency. The receipt shall specify that neither the DO nor the U.S. Government shall be accountable for loss or destruction of the foreign currency arising out of the existing emergency. See chapter 27 of this Volume. DOs may use the foreign currency held for safekeep-

ing to meet operational requirements by issuing a Treasury check for the U.S. dollar equivalent of the foreign currency used. If destruction becomes necessary, the DO shall prepare DD Form 2669 if time permits.

★180205. Accounting for Destroyed Currency, Coin, and Negotiable Instruments. The DO shall account for destroyed currency, coin, and negotiable instruments which were held as public funds on line 7.7 of the DD Form 2657 and the SF 1219. A copy of each DD Form 2669 shall support the entries on the DD Form 2657 and SF 1219.

DD Form 2669, AUG 93

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## CHAPTER 19

DISBURSING OFFICER ACCOUNTABILITY REPORTS1901 DO ACCOUNTABILITY

190101. Concept. All DOs are considered to be agents of the Treasury. Each DO is accountable to the Treasury for the cash items (including receivables) in his or her possession. The SF 1219, Statement of Accountability is the DO's official monthly recording and reporting of this accountability. The DO's daily accountability is maintained on DD Form 2657, Daily Statement of Accountability. The DD Form 2657 is similar and subsidiary to the SF 1219. Disbursement and collection transactions are reported on both the DD Form 2657 and the SF 1219. On the SF 1219, collections are netted against disbursements.

190102. Balancing

★ A. General. Cash in the possession of all DOs shall be balanced daily using DD Form 2657 as the permanent written record. Documents representing cash for which the DO remains accountable but which are not physically in the DO's custody (such as receipts for advances to agent officers) shall be kept in the DO's vault or safe and shall be accounted for daily on the DD Form 2657 and monthly on the SF 1219. When accounts are inspected, the DD Form 2657 shall be presented to the inspecting officer(s) for examination. Most DO cash transactions are performed by deputies, agents, and cashiers. The DD Form 2665, Daily Agent Accountability Summary is the prescribed daily accountability document to the DO for deputies, agents, and cashiers. All deputies, agents, and cashiers shall use the DD Form 1081, Statement of Agent Officer's Account as a summary of cash transactions and receipt for cash and vouchers on hand for submission with the DD Form 2665 to the DO. Except as provided in paragraph 190102.B below, the DO or primary deputy shall balance all deputies, agents, and cashiers daily, using the DD Forms 2665 and 1081.

★ B. Navy Vessels. DOs aboard Navy vessels shall balance their cash using the DD Form 2657 and shall balance their deputies, agents, and cashiers using DD Form 2665 NOT

less frequently than: once each week; immediately before and after each payday; the last day of each month; and, at any other time when the DO suspects that an irregularity has occurred. Whenever workload and staffing conditions permit, DOs aboard Navy vessels are encouraged to balance all deputies, agents, and cashiers daily as prescribed above.

190103. Overview of DD Form 2657, Daily Statement of Accountability. The DD Form 2657 is very similar to the SF 1219 and is to one day what the SF 1219 is to one month. The DD Form 2657 summarizes the amounts the Treasury would look to recover from the DO if the DO ceased operations on that day. Amounts on the DD Form 2657 are at summary level only, including a summary of all disbursements and collections made during the business day by the DO and all deputies, agents, and cashiers. Detailed transactions are reported in the DO's subsidiary records. Section I of the DD Form 2657 computes the total DO accountability to the Treasury at the end of each business day. Accumulated DD Form 2657 accountability on the last day of the accounting period (Month-to-Date Column) is the accountability reported on the SF 1219. Section II (for the current DO) and section III (for all prior DOs of that DSSN) summarizes the elements making up total DO accountability. Sections II and III are totaled in section IV. Section I totals (except for line 1.0) start with a zero balance at the beginning of each new accounting period (month) and when there is a change of DOs prior to the end of an accounting period. The Month-to-Date totals are cumulative for the entire accounting period. Sections II, III, and IV Month-to-Date totals are cumulative from month-to-month. The total of section IV must agree with the total of section I or the DD Form 2657 is out of balance. Never begin the DD Form 2657 for a new business day until the DD Form 2657 for the last business day is in balance. The properly balanced DD Form 2657 ensures agreement between the DO's cash accountability to the Treasury and disbursement and collection transactions recorded in the accounting system. The daily DD Form 2657 shall be signed by the DO as an official attestation of accountability to

the Treasury. See section 1902 of this chapter for detailed preparation instructions.

190104. Overview of DD Form 2665, Daily Agent Accountability Summary. Each deputy, agent, and cashier shall prepare a DD Form 2665 daily. The DD Form 2665 summarizes transactions for each business day. In order for the DD Form 2665 to depict a continuous picture of the transactions affecting the accountability of a deputy, agent, or cashier, the first DD Form 2665 prepared after receipt of an advance from the DO (or other principal authorized to provide advances) shall show the advance, and the last DD Form 2665 prepared up to the time of turn-in (submission of financial reports to the DO or other principal) shall show the turn-in. In this manner, the DD Form 2665 is a stand-alone document that provides a complete picture of the deputy, agent, or cashier's accountability transactions from day to day. When possible, a turn-in should not be accomplished as of the middle of a business day. However, if a turn-in is made in the middle of the business day, a DD Form 2665 shall be prepared up to the time of the turn-in and properly include the turn-in, and another DD Form 2665 prepared for the portion of the business day following the turn-in. See section 1903 of this chapter for detailed preparation instructions.

★190105. Overview of DD Form 1081, Statement of Agent Officer's Account. Deputies, agents, and cashiers shall prepare a DD Form 1081 as a summary of cash transactions and receipt for cash and vouchers on hand each time turn-in or settlement of the account occurs. The DD Form 1081 summarizes cash transactions for the period of duty covered by the turn-in. The DO or primary deputy shall: verify the DD Form 1081 when the deputy, agent, or cashier's account is settled; sign the original and copy of the form; retain the original and supporting documents to support the DD Form 2665; and, return the signed copy to the deputy, agent or cashier. The verification includes an actual cash count. The cashier shall retain the signed copy as a record of the opening cash balance for the next period of duty or for record purposes if the account is balanced to zero. See section 1904 of this chapter for detailed preparation instructions.

★190106. Overview of DD Form 2659, Voucher Control Log. The DD Form 2659 summarizes

daily disbursement and collection transactions by voucher number; identifies the mode of payment (check, cash, travelers check, electronic funds transfer, or a no-pay adjustment) and the check/EFT trace number; assures that all voucher numbers are accounted for; assures that all payment and collection vouchers are entered in accountability records; functions as a double-check against the DD Form 2657 and DD Form 2665, which summarize disbursement and collection transactions; enables comparison of vouchers paid by check to total checks written by check writers; enables comparison of vouchers paid by cash or travelers checks to cashier-paid vouchers; associates returned and undeliverable checks with applicable vouchers; and, functions as a transmittal for vouchers showing voucher numbers used, not used, or voided. The DO should require DD Form 2659 to be prepared daily by each functional area and/or branch disbursing office when these areas or offices are assigned a separate series of voucher numbers. An example of DD Form 2659 is provided in figure 11-1.

190107. Overview of SF 1219, Statement of Accountability. The SF 1219 shows summary totals of all receipts and expenditures of public funds occurring during the accounting period and the status of the DO's account at the close of that period. Normally, the accounting period begins on the first day of each calendar month and ends on the last day of each calendar month. An accounting period never extends beyond the last day of a calendar month. Exceptions to the calendar month accounting period depend on situations such as when a DO is relieved from disbursing duty prior to the last day of a month, or a DO commences disbursing duty other than on the first day of a month. See section 1905 of this chapter for detailed preparation instructions.

## 1902 PREPARATION OF DD FORM 2657, DAILY STATEMENT OF ACCOUNTABILITY

190201. General. Every DO shall prepare a DD Form 2657 for each day business is transacted. Except as provided in chapter 20 of this Volume, the DD Form 2657 shall be prepared in an original only and shall be a permanent record (typed, printed in ink, etc.). The DD Form 2657 may be provided to other functional areas for reconciliation of cumulative disbursement and collection totals with the daily accounting records. The DD



Form 2657 shall be returned for filing. Figure 19-1 is provided as an example of a properly prepared DD Form 2657.

190202. Item 1: DSSN. Enter the DO's DSSN.

190203. Item 2: Date. Enter the business-day date for which the form is being prepared.

190204. Section I: Transactions Affecting Accountability

A. Line 1.0: Accountability - Beginning of Day. Enter the end-of-day accountability from line 5.0 of the DD Form 2657 for the previous business day in the Today column. Enter the Month-to-Date amount from line 5.00 of the SF 1219 for the previous month. The amount entered in the Month-to-Date column shall remain the same on each DD Form 2657 prepared during the month.

B. Line 2.1A: Checks Issued in Payment of Vouchers. In the Today column, enter the total value of Treasury checks issued during the business day in payment of vouchers, including regular and special payrolls and the value of any check-issue adjustments. Check-issue adjustments are always supported by FMS Form 5206 or OF 1017-G. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

C. Line 2.1B: Checks Issued - All Others. In the Today column, enter the total value of Treasury checks issued during the business day for purposes other than voucher payments, including check-issue adjustments affecting such checks. Examples are checks written to obtain operating cash, for purchase of foreign currency, or for providing funds to agents. Check-issue adjustments shall be properly supported by FMS Form 5206 or OF 1017-G. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

D. Line 2.3: Other Transactions.

Enter any unexplained overages during the business day which will be vouchered on the next business day. Do not enter any overages occurring on the last day of the month on this line. Amounts entered on this line cannot be reported on line 2.3 of the SF 1219. Upon preparation of the voucher on the next business day, decrease the amount on this line and increase line 4.1E (4.1D if collected to a receipt account). In some instances such as collections from dining facilities, only one collection voucher number is assigned for the entire accounting period (month) and the formal collection voucher is prepared as of the last business day of the month. Daily receipts of this nature shall be recorded on this line and as U.S. Currency/Coinage on Hand (Line 6.2A). At the end of the accounting period when the formal collection voucher is processed, the accumulated collections are removed from this line and included as Reimbursements on Line 4.1E. Also, use this line to record accumulated small exchange gains for which a net gain and loss voucher is prepared on the last day of the month (rather than daily).

E. Line 2.34: Discrepancies in DO's Account - Credit. This is a Treasury suspense account. Do not use this line.

F. Line 2.36: Payments by Other DOs. Do not use this line.

★ G. Line 2.37: Transfer from Other DOs. Use this line to record the final accountability of a deactivated DSSN that is being assumed by the DO. The same accountability figure must be reported on line 4.37 of the deactivated DSSN's DD Form 2657. Also use this line to record a transfer of funds from another DO. The same amount must be recorded on line 4.37 of the DD Form 2657 applicable to the transferring DO. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column. Both DOs making such a transfer shall record the transaction on their SF 1219 for the same accounting period.



H. Line 2.8: OPAC Payments and Collections. Designated DOs participating in Treasury's On-Line Payment and Collection System (OPAC) shall use this line as described herein. Refer to chapters 10, 11, and 24 of this Volume for detailed information regarding the use of OPAC. In the Today column, enter the net daily OPAC interagency payments and collections for certain supplies and services rendered, including any adjustments for the current business day. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

I. Line 2.9: Total Accountability Increases. Enter the total of lines 2.1A through 2.8 in both the Today and Month-to-Date columns. Prove Month-to-Date column by adding the total in the Today column to the Month-to-Date total from line 2.9 of the previous day's DD Form 2657. If preparing the DD Form 2657 on the first business day of the month, the amounts shall be the same.

J. Line 3.0: Gross Accountability. Enter the total of lines 1.0 and 2.9 in both the Today and Month-to-Date columns. Prove the amount in the Month-to-Date column by adding the amount in the Today column on line 2.9 to the Month-to-Date amount from line 3.0 of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first business day of the month, the amounts shall be the same.

K. Line 4.1A: Gross Disbursements. Disbursements are payments from (or charged to) an appropriation or fund and shall be supported by formal disbursement vouchers. Collection of payments made in error which are processed as bracketed (negative) amounts on disbursement vouchers are negative disbursements. Enter total gross disbursements (including OPAC payments), before refunds and negative reimbursements, from the disbursement vouchers paid on the business day being reported. The amount entered includes negative disbursements occurring on disbursement vouchers, but does not include refunds occurring on collection vouchers (which are reported on line 4.1B) and negative reimbursements occurring on

disbursement or collection vouchers (which are reported on line 4.1E). If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

L. Line 4.1B: Less Refunds. Refunds are a recoupment (collection) of payments made in error and are usually supported by formal collection vouchers. On rare occasions, a refund must be reversed. When this situation occurs, the transaction is processed on a collection voucher with the amount bracketed and is treated as a negative refund. Refunds also occur on disbursement vouchers and are considered to be negative disbursements. Negative disbursements are included on Line 4.1A as a reduction of gross disbursements. Enter the total of refunds from collection vouchers. Do not include refunds from disbursement vouchers (negative disbursements) on this line. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

M. Line 4.1C: Net Disbursements. The term net disbursements as associated with the DD Form 2657 is defined as gross disbursements less refunds. In both the Today and Month-to-Date columns, subtract line 4.1B from line 4.1A and enter the respective differences on line 4.1C. Prove the Month-to-Date total by adding the Today column amount to the Month-to-Date column amount from 4.1C of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first day of the month, the amounts shall be the same.

N. Line 4.1D: Less Receipts. Receipts are collections credited to Treasury miscellaneous receipt accounts and are supported by formal collection vouchers. In the Today column, enter the total of collections credited to Treasury miscellaneous receipt accounts. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date

column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

**O. Line 4.1E: Less Reimbursements.**

Reimbursements are amounts collected for property sold or services furnished and are credited to appropriations on formal collection vouchers. Over-collection of reimbursements must be returned to the remitter and may be vouchered as bracketed (negative) amounts on collection vouchers or positive amounts on disbursement vouchers. In either event, the transactions are treated as negative reimbursements and reduce the amount reported as reimbursements. In the Today column, enter the total of collections classified as appropriation reimbursements (including OPAC collections) less any negative reimbursements whether from collection or disbursement vouchers. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

**P. Line 4.1F: Net Expenditures.**

In both the Today and Month-to-Date columns, subtract lines 4.1D and 4.1E from line 4.1C and enter the respective differences on line 4.1F. Prove the Month-to-Date total by adding the Today column total to the Month-to-Date column total from line 4.1F of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first day of the month, the amounts will be the same. Report the Month-to-Date amount from the final DD Form 2657 for the accounting period on line 4.1 of the SF 1219. Note: NET EXPENDITURES as shown on the DD Form 2657 is the same as NET DISBURSEMENTS found on line 4.1 of the SF 1219.

**Q. Line 4.2A: Deposits Presented or Mailed to Bank.** In the Today column, enter the total of all deposits mailed or presented to a Federal Reserve Bank or general depository (for credit to the Treasury General Account) during the business day. This is a total of all SFs 215 (including deposited canceled checks, mutilated or decomposed currencies, food stamps, and credit card collections). **DO NOT INCLUDE DEPOSITS TO LIMITED DEPOSITARY**

**CHECKING ACCOUNTS ON THIS LINE.** The total entered shall be reduced by the value of any SFs 5515 processed during the day, except for those SFs 5515 for electronic fund transfer payments to the bank (which are recorded on line 4.2B). If a deposit is prepared, verified, SF 215 attached, dated, and removed from an agent's or cashier's possession but is still on hand by close of the business day, it shall be reported as an undeposited collection on line 6.3A. On the DD Form 2657 for the next business day (or the day when the deposit is actually presented or mailed to the bank), remove the amount from line 6.3A and include on line 4.2A. This will be a regular routine if DOs make deposits of collections received on the business day being reported during the next business day. If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column.

**R. Line 4.2B: EFT Debit Vouchers.**

Use this line to record the SFs 5515 used for EFT payroll or vendor payments. Enter this debit voucher amount in brackets to denote a reduction of total deposits.

**S. Line 4.3: Other Transactions.**

Use this line to record small exchange losses resulting from accommodation exchanges or limited depository account transactions for which a net gain or loss voucher is prepared on the last day of the accounting period.

**T. Line 4.34: Discrepancies in DO's Account - Debits.** This is a Treasury suspense account. Do not use this line.

**U. Line 4.36: Payments for Other DOs.** Do not use this line.

**★ V. Line 4.37: Transfer to Other DOs.** Use this line when the DSSN is being deactivated and final accountability is being transferred to another DO. The gaining DO shall assume accountability for this balance by recording an increase on line 2.37. Also, use this line to record a transfer of funds to another DO. The same amount shall be recorded on line 2.37 of the DD Form 2657 applicable to the gaining DO.

If the DD Form 2657 is being prepared for the first day of the month, extend the Today column amount to the Month-to-Date column; otherwise, add the Today column amount to the Month-to-Date column amount from the previous day's DD Form 2657 and enter the total in the Month-to-Date column. Both DOs making such a transfer shall record the transaction on their SF 1219 for the same accounting period.

W. Line 4.9: Total Accountability Decreases. In both the Today and Month-to-Date columns, enter the total of lines 4.1F through 4.37. Do not include amounts from lines 4.1A through 4.1E. Prove the Month-to-Date column total by adding the Today column total to the Month-to-Date total for line 4.9 of the previous day's DD Form 2657. If the DD Form 2657 is being prepared for the first day of the month, the amounts shall be the same.

X. Line 5.0: Accountability - End of Day. In both the Today and Month-to-Date columns, subtract line 4.9 from line 3.0 and enter the difference on this line. The amounts in both columns must agree (both columns reflect end-of-day accountability). This amount represents the DO's accountability to the Treasury at the close of that particular business day. The amount in the Today column is carried forward as the beginning accountability (line 1.0) on the DD Form 2657 for the next business day. As stated above, the Month-to-Date beginning accountability amount (line 1.0) remains the same from the first through the last day of the month.

#### 190205. Section II: Distribution of Accountability - Incumbent DO

A. Line 6.1: Designated Depository. Limited depository accounts are almost always foreign currency checking accounts held in the DO's own name, much the same as an individual's personal checking account. Unless scheduling on the back or on an attachment, show the name and location of the LD and the foreign currency unit (for example, pesos) in the blank space under the Description column for line 6.1. All entries in the amount columns shall be in U.S. dollars. Amounts reported on this line almost always represent the U.S. dollar equivalent of a particular foreign currency LDA because the Treasury rarely approves a U.S. dollar

LDA. If, however, the amount on this line does include U.S. dollars and U.S. dollar equivalents of foreign currency, show the U.S. dollar equivalent of foreign currency as a memo entry in the Description column. If the line amount is totally made up of U.S. dollar equivalents of foreign currency, the memo entry in the Description column is not required. Complete line 6.1 as explained in the following subparagraphs.

1. Enter the U.S. dollar equivalent amount of all LDA deposits made during the business day in the Daily Increase column. Include any earned interest credited by the bank on that day. Offset interest earnings with an appropriate Treasury miscellaneous receipt account collection voucher reported on line 4.1D. Also include any gain resulting from a beginning-of-day revaluation of the foreign currency on deposit. Offset such gains with a collection voucher reported on line 4.1E.

2. Enter the U.S. dollar equivalent total of LDA checks issued during the business day in the Daily Decrease column. Include any service charges made by the bank on that day. Offset the service charges with a disbursement voucher charging the disbursing activity's Operations and Maintenance Fund and reported on line 4.1A. Also include any loss resulting from a beginning-of-day revaluation of the foreign currency on deposit. Offset revaluation losses with a negative collection voucher reported on line 4.1E.

3. Compute and enter the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous day's DD Form 2657. Do this even if the previous day is the last day of the preceding month since the Month-to-Date column totals for this line (and all lines throughout section II) are cumulative from month-to-month. The Month-to-Date total shall agree with the DO's computed checkbook balance.

B. Line 6.2A: U.S. Currency/Coinage on Hand. Include only U.S. currency and coins on hand in the disbursing office safe or vault and with deputies, agents, and cashiers located in the main disbursing office. DOs on Navy vessels with an Automated Teller Machine

(ATM) System shall include funds in the possession of ATM custodians on this line. Do not include currency and coins identified on lines 6.3 through 6.9 below (for example, currency and coins held by deputies, agents, and cashiers at other locations other than the main disbursing office, or cash held for payrolls).

1. If the amount of U.S. currency and coinage on hand at end of day exceeds the amount of cash on hand from the Month-to-Date column of the previous day's DD Form 2657, enter the amount of the increase in the Daily Increase column. The Daily Decrease column will be left blank.

2. If the amount of U.S. currency and coinage on hand at end of day is less than the amount of cash on hand from the Month-to-Date column of the previous day's DD Form 2657, enter the amount of the decrease in the Daily Decrease column. The Daily Increase column will be left blank.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous business day's DD Form 2657.

**C. Line 6.2B: Foreign Currency and Coinage on Hand.** Include only foreign currency and coins on hand in the disbursing office safe or vault and with deputies, agents, and cashiers located in the main disbursing office. Do not include foreign currency and coins identified on lines 6.3A through 6.9 below (for example, foreign currency and coins held by deputies, agents, and cashiers at locations other than the main disbursing office or cash held for payrolls). If more than one type of foreign currency is maintained, schedule each type of currency on the back of the DD Form 2657 (or on a separate attachment). Add "See Attached" in the Description column. Unless scheduling on the back or in an attachment, show the foreign currency unit (for example, pesos) in the blank space in the Description column. Enter the U.S. dollar equivalent of the particular foreign currency in all three columns. Complete line 6.2B as explained in the following subparagraphs.

1. If the amount of foreign currency and coinage on hand at end-of-day exceeds the amount of foreign cash on hand from the Month-to-Date column of the previous day's DD Form 2657, enter the U.S. dollar equivalent amount of the increase in the Daily Increase column. The Daily Decrease column will be left blank.

2. If the amount of foreign currency and coinage on hand at end-of-day is less than the amount of foreign cash on hand from the Month-to-Date column of the previous day's DD Form 2657, enter the U.S. dollar equivalent amount of the decrease in the Daily Decrease column. The Daily Increase column will be left blank.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date total from the previous business day's DD Form 2657.

**D. Line 6.3A: Undeposited Collections - General.** Undeposited collections are most often created when an SF 215 is prepared, dated, verified to the items to be deposited, and removed from a deputy's, agent's or cashier's possession, but is still on hand (not yet mailed or presented to the bank) at the close of the business day. These deposits cannot be reported on line 4.2A. If a deposit is not presented or mailed to the bank by the close of the business day, it shall be reported on line 6.3A. Amounts reported on this line are not considered a part of the DO's cash authority. Do not delay preparation of the DD Form 2657 for the specific purpose of recording a prepared deposit on line 4.2A instead of line 6.3A.

1. Enter the amount of such a deposit in the Daily Increase column of line 6.3A.

2. In the Daily Decrease column, enter the amount of deposits presented or mailed to the bank that were recorded in the Daily Increase column of the DD Form 2657 for the previous business day.

3. Compute the Month-to-Date column total by adding the Daily Increase col-

umn amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous day's DD Form 2657. The amount entered in the Month-to-Date column should normally coincide with the amount shown in the Daily Increase column.

E. Line 6.3B: Other Undeposited Instruments on Hand. Normally, there would be no reason for undeposited negotiable instruments to be carried over beyond the current or next business day. However, exceptions can occur. For example, a check received by the DO may not have been signed (or may contain other errors) and the person presenting (or mailing) the check is unavailable to correct the document in the same business day the collection is recorded.

1. Enter the amount of negotiable instruments that cannot be deposited in the Daily Increase column.

2. When finally deposited, enter the amount of negotiable instruments deposited in the Daily Decrease column.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous business day's DD Form 2657. The computed Month-to-Date column total shall agree with the value of negotiable instruments carried over to the next business day.

F. Line 6.4: Custody or Contingency Cash. The amount reported on this line includes cash held under custody account agreements in overseas contract MBFs or cash held for approved contingency requirements (as approved by Treasury).

1. If the amount of custody or contingency cash on hand at end of day exceeds the amount on hand from the Month-to-Date column total of the previous day's DD Form 2657, enter the amount of the increase in the Daily Increase column. The Daily Decrease column will be left blank.

2. If the amount on hand at end of day is less than the amount on hand from the

Month-to-Date column total of the previous day's DD Form 2657, enter the amount of the decrease in the Daily Decrease column. The Daily Increase column will be left blank.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date column total from the previous business day's DD Form 2657.

G. Line 6.5: Funds with Agents. Enter the total amount of funds in the hands of deputies, disbursing agents, cashiers, paying agents, collection agents, imprest fund cashiers, and change fund custodians at locations other than the main disbursing office. Do not include amounts held by deputies, agents, and cashiers in the main disbursing office or amounts held by ATM custodians on Navy vessels. Amounts entered are taken from the latest DD Forms 1081 submitted by the deputies, agents, and cashiers. Show a detailed schedule on the back of the DD Form 2657 or on a separate attachment adding the words "See Attached" in the Description column on the face of the DD Form 2657. Include the particular foreign currency denomination (e.g., German Marks), the rate of exchange at which the currency is valued, the number of foreign currency units, and the U.S. dollar equivalent on the schedule. Note that if the DO's rate of exchange is different from the rate used on the DD Form 1081 prepared by the deputies, agents, or cashiers, the DO shall prepare a gain or loss DD Form 1131 to account for the difference.

1. If the amount shown on the latest DD Forms 1081 is greater than the amount shown in the Month-to-Date column of the DD Form 2657 for the previous day, enter the amount of the increase in the Daily Increase column.

2. If the amount shown on the latest DD Forms 1081 is less than the amount shown in the Month-to-Date column of the DD Form 2657 for the previous day, enter the amount of the decrease in the Daily Decrease column.

3. Compute the amount to be entered in the Month-to-Date column by adding

the Daily Increase column amount to, or deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous day. The computed Month-to-Date column total shall agree with the combined total of all the individual DD Forms 1081.

H. Line 6.6: Advances to Contractors. Enter cash advanced to contractors under advance pool agreements. Compute the amounts to be entered in the Daily Increase, Daily Decrease, and Month-to-Date columns in the same manner as for line 6.5.

I. Line 6.7: Cash in Transit. Enter the amount of all cash in transit. Foreign currency funds in transit may or may not be involved.

1. In the Daily Increase column, enter: cash not yet received for which Treasury exchange-for-cash checks have already been drawn; mutilated or decomposed currency forwarded to the FRB or (in the case of foreign currencies) to designated DOs, for which reimbursement has not yet been received; cash transferred to other DOs for which a Treasury check has not yet been received; and, unconfirmed credit card collection deposits reported to Mellon Bank and supported by DD Forms 1131.

2. In the Daily Decrease column, enter: the total cash and Treasury checks received which were included in the amounts entered in the Daily Increase column of a previous DD Form 2657; and the amount of confirmed bank credit card deposits which were included in the Daily Increase column of a previous DD Form 2657 and which are now reported in the Daily Increase column of line 4.2A (Deposits Presented or Mailed to Bank). If a charge-back is received from the bank, the appropriate functional area shall be notified and a negative DD Form 1131 prepared for the amount of the charge-back.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous day. The computed amount entered in the current Month-to-Date column shall equal the total of all unsettled cash-in-transit transactions.

J. Line 6.8: Payroll Cash. Enter the value of cash held for payday requirements. Do not report funds held by ATM custodians on Navy vessels on this line. Compute the amounts to be entered in the Daily Increase, Daily Decrease, and Month-to-Date columns in the same manner as for line 6.2A.

K. Line 6.9: Other. Enter the amount of Treasury exchange-for-cash checks prepared in advance and prepositioned Treasury checks awaiting pickup by a deputy, agent, or cashier. Any other category of cash or cash items to be reported on this line must be approved by the servicing DFAS Center. Compute the amounts to be entered in the Daily Increase, Daily Decrease, and Month-to-Date columns in the same manner as for line 6.2A. Whenever possible, clear the items on this line before preparation of the SF 1219.

L. Line 7.1: Deferred Vouchers. A deferred voucher is any paid voucher that has not been recorded in the accounting system. The usual cause is a paid voucher that must be returned to the paying deputy, agent, or cashier for correction. In addition, vouchers paid by deputies, agents, or cashiers that have not yet been examined by the DO may be deferred until this review is complete.

1. Enter the amount of any paid vouchers that must be recorded as deferred during the business day in the Daily Increase column. These vouchers are not reported as gross disbursements on line 4.1A.

2. Enter the amount of any vouchers reported on line 4.1A that were deferred on a previous DD Form 2657 in the Daily Decrease column.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total reported on the DD Form 2657 for the previous business day. The computed amount entered in the current Month-to-Date column must agree with the total of deferred vouchers outstanding.

M. Line 7.2A: Accounts Receivable - Check Overdrafts

1. In the Daily Increase column, enter any new check issue overdraft increases supported by FMS Forms 5206 or OFs 1017-G.

2. In the Daily Decrease column, enter any collections or disbursements against an undercharged appropriation reducing the check-issue overdraft amount reported on a previous DD Form 2657.

3. Compute the amount to be entered in the Month-to-Date column by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day.

4. The DO or primary deputy shall review accounts receivable for check overdrafts at least once each month to assure all necessary actions are being taken to clear the amount of the check issue overdrafts.

N. Line 7.2B: Accounts Receivable - Other

1. Enter any accounts receivable increases not included on line 7.2A in the Daily Increase column.

2. Enter any accounts receivable reductions not included on line 7.2A in the Daily Decrease column.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total for the DD Form 2657 of the previous business day.

4. The DO or primary deputy shall review accounts receivable at least once each month to assure all necessary actions are being taken to clear the receivable.

O. Line 7.3: Loss of Funds

1. In the Daily Increase column, enter any physical losses of cash, food stamps, negotiable instruments, and uncollected dishon-

ored check amounts that will be reported to the servicing DFAS Center.

2. Enter any recoveries of losses, or reimbursements by the servicing DFAS Center, in the Daily Decrease column.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 of the previous business day. This amount shall agree with the total of all outstanding loss cases.

P. Line 7.4: Dishonored Checks Receivable

1. In the Daily Increase column, enter the amount of any dishonored checks received during the business day via an SF 5515 that are to be retained in DO accountability (i.e., not returned to the activity who originally accepted them).

2. In the Daily Decrease column, enter the amount of any dishonored checks collected or for which relief has been granted that are currently carried in DO accountability.

3. Compute the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day. The computed amount must agree with total of all dishonored checks on hand at the close of the business day.

Q. Lines 7.5 through 7.7. On the final DD Form 2657 for the accounting period, use these lines to summarize U.S. dollar equivalents of foreign currency amounts reported in section II. Enter in the Description column by country and type of currency, the total foreign currency units and U.S. dollar equivalent. Lines 6.1 and 6.2B always involve foreign currency. Line 6.5 could involve foreign currency. Leave the Daily Increase, Daily Decrease, and Month-to-Date columns blank.

R. Line 8.0: Total Incumbent DO Accountability. Enter the totals of lines 6.1 through 7.4 in each of the respective columns.



Prove the Month-to-Date total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day. The figures must be the same.

190206. Section III: Distribution of Accountability - Predecessor DOs

★ A. General. This section of the DD Form 2657 shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in chapter 22 of this Volume.

B. Line 9.2A: Accounts Receivable - Check Overdrafts. Compute all three column amounts for check overdrafts applicable to previous DOs in the same manner as prescribed for line 7.2A above. The DO or primary deputy shall review accounts receivable for check overdrafts at least once each month to assure all necessary actions are being taken to clear the amount of the check issue overdrafts.

C. Line 9.2B: Accounts Receivable - Other. Compute other accounts receivable amounts applicable to previous DOs in the same manner as prescribed for line 7.2B above. The DO or primary deputy shall review accounts receivable at least once each month to assure all necessary actions are being taken to clear the amount of the receivable.

D. Line 9.3: Loss of Funds. Compute loss of funds amounts incurred by previous DOs in the same manner as prescribed for line 7.3 above.

E. Line 9.4: Other. Compute the amounts for other accountable items for previous DOs in the same manner as prescribed for line 7.4 above.

F. Line 10.0: Total Predecessor DO's Accountability. Enter the total of lines 9.2A through 9.4 in each of the respective columns. Prove the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous business day. The figures must be the same.

190207. Section IV: Distribution of Accountability - Combined

A. Line 11.0: Total DSSN Accountability. Enter the total of lines 8.0 and 10.0 in each of the respective columns. Prove the Month-to-Date column total by adding the Daily Increase column amount to, and deducting the Daily Decrease column amount from, the Month-to-Date column total of the DD Form 2657 for the previous day. The amounts must be the same. The computed Month-to-Date column total must also agree with the Month-to-Date column total of line 5.0, or the DD Form 2657 is out-of-balance. Resolve any out-of-balance condition before preparing the DD Form 2657 for the next business day.

190208. Item 3: Disbursing Officer Name, Rank or Grade, Title. Type or print the name, rank or grade, and title of the DO.

★190209. Item 4: Disbursing Officer or Deputy Signature. The DO or a designated deputy shall sign the DD Form 2657 as an attestation of the accurate representation of accountability to the Treasury.

190210. Item 5: Date. Enter the date the DD Form 2657 is signed.

190211. Section V: Distribution of Cash on Hand. This section of the DD Form 2657 shows the physical location of all U.S. and foreign cash on hand, including custody or contingency cash and payroll cash. It includes cash held by both on-site and off-site deputy DOs, agents, and cashiers (including mobility-line cashiers). This section does not include: funds in designated depositories (from line 6.1); undeposited collections (from line 6.3A); funds with contractors (from line 6.6); or cash in transit (from line 6.7).

1903 PREPARATION OF DD FORM 2665, DAILY AGENT ACCOUNTABILITY SUMMARY

190301. General. Except as provided in paragraph 190102.B above, every deputy, agent, and cashier shall prepare a DD Form 2665 for each day business is transacted. The DD Form 2665 is prepared in an original only and shall be a permanent record (typed or printed in ink). Figure 19-2 is provided as an example of a properly prepared DD Form 2665.



190302. Item 1: Date. Enter the business date for which the DD Form 2665 is prepared.

190303. Section I - Summary of Daily Accountability Transactions. This section summarizes all transactions affecting cash accountability since the last turn-in to the principal. Record daily and cumulative balances to-date since the last turn-in unless otherwise indicated in these instructions. Note that cumulative totals in this section represent cumulative amounts since the last turn-in and are not cumulative for an accounting period unless turn-ins are only made as of the end of a calendar month.

A. Line 1: Accountability - Beginning. In subitem c (Today column), enter the ending accountability balance shown on line 15 of subitem c from the previous business day. In subitem d (Cumulative column), enter the ending accountability shown on line 15 of subitem d of the DD Form 2665 prepared immediately following the last turn-in to the principal. Note that the beginning accountability balance in subitem d does not change until preparation of the DD Form 2665 immediately following the next turn-in to the principal.

B. Line 2: Advances. In subitem b, enter the amount of advances received during the business day by cash, prepositioned checks, or other in the appropriate blocks. Do not enter memorandum accountability advances on this line. In subitem c, enter the total of the amounts entered in subitem b. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c.

C. Line 3: Vouchered Collections. In subitem c, enter the total of all vouchered collections made during the business day. Do not enter memorandum or non-vouchered collections on this line. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c.

D. Line 4: Treasury Check Issues. In subitem b, enter the value of vouchered Treasury check issues in the Vouchered block, and the value of non-vouchered check issues in the Other block. In subitem c, enter the total of all Treasury checks issued from subitem b. The amount entered in subitem c must equal the sum of the amounts entered in subitem b. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c. Note that this line is for use only by agent officers authorized by the principal to issue Treasury checks.

E. Line 5: Transfers from Other Disbursing Officers. In subitem c, enter the total of cash or other cash accountability items received from another disbursing officer during the business day. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c.

F. Line 6: Exchange Gain Accumulations. In subitem c, enter the value of any minor gains from revaluation of foreign currency on hand, or rounding gains involved in exchange transactions, that are not vouchered immediately (that is, not included on line 3 above). In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c. Accumulated exchange gains must be vouchered before any turn-in to the principal.

G. Line 7: Other. In subitem c, enter the value of any other increases in accountability (such as a cash overage that will not be vouchered until the next business day). Explain what the increases are. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount

entered in subitem d must be the same as the amount entered in subitem c.

H. Line 8: Total Increases. In both subitems c and d, enter the respective total of lines 2 through 7.

I. Line 9: Gross Accountability. In subitem c, enter the sum of subitem c amounts on line 1 and line 8. In subitem d, enter the sum of subitem d amounts on line 1 and line 8.

J. Line 10: Transfers to Other Disbursing Officers. In subitem c, enter the total of cash or other cash accountability items transferred to another DO during the business day. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c.

K. Line 11: Exchange Loss Accumulations. In subitem c, enter the value of any minor losses incurred during the business day as a result of revaluation of foreign currency on hand, or rounding losses involved in exchange transactions, that are not vouchered immediately. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c. Accumulated exchange losses must be vouchered before any turn-in to the principal.

L. Line 12: Other. In subitem c, enter the value of valid decreases in accountability during the business day not covered on lines 10 and 11 (such as a cash shortage that will not be vouchered until the next business day). Explain what the decreases are. In subitem d, enter the sum of the amount entered in subitem c and the amount in subitem d of this line from the previous business day. If this is the first DD Form 2665 prepared after a turn-in to the principal, the amount entered in subitem d must be the same as the amount entered in subitem c.

M. Line 13: Returns to Principal. Complete this line only on the first DD Form 2665 prepared following a turn-in. Enter the total value of accountability items turned in to the principal in both subitems c and d. In the blocks provided, break-out the value of paid vouchers, deposit tickets, and other items turned in.

N. Line 14: Total Decreases. In both subitems c and d, enter the respective total of amounts entered on lines 10 through 13.

O. Line 15: Accountability - Ending. In both subitems c and d, enter the difference derived by subtracting the amount on line 14 from the amount on line 9. The resulting amounts (ending accountability) in subitems c and d must be the same.

190304. Section II - Distribution of Agent Accountability. This section shows the make-up of all items for which the deputy, agent, or cashier is accountable to the principal. The items are entered on the appropriate line (lines 16 through 31) which describes the accountable item in subitem c, Accountability Before Transfers. When the DD Form 2665 is the first being prepared after an agent turn-in, enter the amount of the turn-in on the appropriate lines in subitem d, Returns to Principal. Otherwise, leave subitem d blank. If no agent turn-in is entered in subitem d, then subitem e, Accountability After Transfers may also be left blank. The amount in subitem c is then considered to be the final accountability for the day. Note, however, that if an amount is entered in subitem d for any of the lines in this section, subitem e must be completed. Compute the amount to be entered on each line of subitem e by subtracting the amount in subitem d from the amount in subitem c. Add the amounts in each of the three subitems and enter the respective totals on line 32. To prove the computations and totals entered on line 32, subtract the total in subitem d from the total in subitem c. The result must equal the total entered on line 32 in subitem e. The following subparagraphs describe entries for subitem c; however, if an agent turn-in is recorded for the day, subitems d and e must also be completed as described in this paragraph.

A. Line 16: Limited Depositary. Enter the U.S. dollar value of the current LDA balance.

In the spaces provided, enter the number of foreign currency units and the exchange rate at which the foreign currency units are valued.

B. Line 17: Cash on Hand (U.S.). Enter the amount of U.S. currency and coin on hand.

C. Line 18: Cash on Hand (Foreign). Enter the U.S. dollar value of foreign currency and coin on hand. In the spaces provided, enter the number of foreign currency units and the exchange rate at which the foreign units are valued for both accommodation exchange cash and operating cash.

D. Line 19: Prepositioned Treasury Checks. Enter the total value of prepositioned Treasury checks on hand. Note that these checks are inscribed Treasury checks issued as advances to the agent by the principal that have not been negotiated by the agent. Do not enter Treasury checks issued by the agent (if the agent has authority to issue Treasury checks) that have not been delivered to the payee.

E. Line 20: Negotiable Instruments (U.S.). Enter the value of all U.S. dollar undeposited negotiable instruments on hand in the agent office. Include all negotiable instruments (personal checks, Treasury checks, money orders, food stamps, etc.) accepted for debts owed the U.S. Government and in accommodation exchange transactions.

F. Line 21: Negotiable Instruments (Foreign). Enter the U.S. dollar value of undeposited negotiable foreign instruments on hand in the agent office. In the spaces provided, enter the number of foreign currency units represented by the negotiable instruments and the exchange rate at which the foreign instruments are valued.

G. Line 22: Military Payment Certificates. Enter the value of MPC on hand in the agent office.

H. Line 23: Paid Vouchers. Enter the value of paid disbursement vouchers on hand in the agent office. Do not include memorandum or journal vouchers on this line.

I. Line 24: Funds in Transit. Enter the value of funds in transit to or from another

DO (not the agent's principal). Funds in transit increases include: cash not yet received for which Treasury checks have been issued; mutilated or decomposed currency forwarded to the FRB (or in the case of foreign currency, to the central DO) for which reimbursement has not yet been received; and cash transferred to other DOs for which a Treasury check has not yet been received. Funds in transit decreases are reported when the above expected cash or Treasury check is received. Note: increases are entered as positive amounts; decreases are entered as negative amounts.

J. Line 25: Funds with Subagents. Generally, primary agent advancement of funds to any type of subagent (for example, a paying agent) does not change overall primary agent accountability. For example, an increase on this line representing a cash advance to a subagent would be offset by a decrease to lines 17 or 18, as appropriate. However, if the primary agent is authorized to issue Treasury checks, and the advance to the subagent is provided by a Treasury check issued by the agent, the advance is recorded in line 4 of section I as a Treasury check issue and is recorded as an increase on this line. When funds or paid vouchers are returned by the subagent, the return is recorded as a decrease to this line. The decrease is offset by an increase to the appropriate line in this section (for example, cash on hand or paid vouchers).

K. Line 26: Deposit Tickets. Unlike deposits by a DO, agent deposits to an FRB or TGA do not officially reduce the agent's accountability. The agent's accountability is reduced when the applicable confirmed deposit tickets are turned in to the principal. Enter the value of all SFs 215 on hand for deposits made to an FRB or TGA during the business day. Do not enter deposits to an LDA on this line.

L. Line 27: Dishonored Checks Receivable. Enter the value of dishonored checks received from the principal that are or were retained in the agent's accountability. Agents deposit checks for credit to the DSSN of the DO. Any dishonored checks will be returned to the DO by the depository on an SF 5515. The DO will reduce DD Form 2657 line 4.2A (Deposits Presented or Mailed to Bank) and increase line 6.5 for the agent to whom the dishonored check

is returned. The agent will record the dishonored check as an increase to this line and either retain it until recoupment is made for a dishonored check accepted in an accommodation transaction or remove it from accountability by processing a reverse DD Form 1131 and returning it to the functional area or collection activity from which received. A decrease to this line is applicable when the amount of the dishonored check is recouped, when the receivable is cleared by a reverse DD Form 1131, or when an uncollectible receivable is processed for removal from accountability as provided in chapter 06 of this Volume.

M. Line 28: Check Overdrafts Receivable. Generally, if authorized to issue Treasury checks, agents will also be responsible for collection of the amount of any check issue overdrafts. The amount of a check issue overdraft will be received as an advance from the DO, with a copy of the FMS Form 5206, and will be recorded on this line. Enter the value of check overdrafts being carried by the agent. As a matter of expediency, the DO may choose to adjust FMS Forms 5206 attributable to agent Treasury check overdrafts without transfer of accountability back to the agent. Such adjustments will be made directly to the DO's DD Form 2657.

N. Line 29: Loss of Funds. Enter the value of agent losses of funds. Generally, the agent shall follow loss of funds procedures in chapter 06 of this Volume, with reporting to the DO instead of the servicing DFAS Center. If a loss is not immediately recouped by the agent, the loss will be transferred to the DO for recording on the DD Form 2657. When a loss is transferred to the DO, the transfer will be recorded in subitem d. Note that transfer of a loss as described herein does not relieve the agent of liability for the loss. The transfer is for recording purposes only.

O. Line 30: Deferred Vouchers. Enter the value of agent deferred vouchers on hand. An agent deferred voucher can occur when the agent makes a payment but cannot include the voucher in the next scheduled agent turn-in. Normally, this situation occurs because of an error noted on the voucher that can only be corrected through contact with the payee. The deferred voucher is established as an increase to this line and an offsetting decrease to line 23

(Paid Vouchers). When the deferred voucher is corrected, it may either be transferred back to line 23 pending turn-in to the principal, or it may be retained on this line until the next scheduled turn-in. Note that this line is not used to record vouchers returned to the agent for correction. Agents shall record vouchers returned for correction as a memorandum entry in section IV, line 41. DO's will record vouchers returned for correction as deferred vouchers on the DD Form 2657.

P. Line 31: Other. Enter the value of other agent accountability items not covered by lines 16 through 30. Describe the items in the space provided. in subitem b.

Q. Line 32: Total Agent Accountability. Enter the total of the values entered on lines 16 through 31. This total must equal the total entered in section I, subitem c, line 15. If a turn-in to the DO is recorded in section I, line 13, the turn-in must also be entered on the applicable lines in section II, subitem d and the amounts for each line in subitem e computed and entered. Enter the total of the values entered on lines 16 through 31 of subitems d and e. The total entered in subitem d must equal the total entered in section I, subitem c, line 13. The total entered in subitem e must equal the total entered in section I, subitem c, line 15.

190305. Section III - Location of Cash/Negotiable Instruments. The location and value of agent accountable items (including both U.S. and foreign currency (and coin)) is recorded in this section.

A. Line 33: Agent. Enter the value of accountable items located in the agent's safe in the applicable subitems.

B. Line 34: Deputy Agent. Enter the value of accountable items located in the deputy agent's (or subagent's) safe in the applicable subitems.

C. Line 35: Cashier. Enter the value of accountable items located in the cashier's safe in the applicable subitems.

D. Line 36: Other. Enter other locations where accountable items are stored in the space provided in subitem b. Enter the value of

accountable items located at these other locations in the applicable subitems.

E. Line 37: Totals. Enter the totals of subitems c through g. Also, ensure the totals reconcile to section II, lines 17 through 22.

190306. Item 2 - Name of Agent. The agent shall type or print his or her name in the space provided.

190307. Item 3 - Address of Agent. The agent shall type or print his or her duty location in the space provided.

190308. Item 4 - Signature of Agent. The agent shall sign the DD Form 2665 as attestation of the accurate representation of his or her accountability.

190309. Section IV - Memorandum Agent Accountability. This section includes memorandum-type information not officially a part of agent accountability data. Agent completion of section IV is at the DO's option. If the DO has no preferences, completion of section IV is at the agent's option.

A. Line 38: Deposit Tickets on Hand. Enter each SF 215 number and amount on hand since the last turn-in to the principal.

B. Line 39: Paid Vouchers on Hand. Paid agent vouchers do not decrease agent accountability until they are turned in to the principal. This subsection tracks the voucher numbers of paid agent vouchers on hand at the close of the business day. Also enter disbursement voucher numbers not used, duplicated, and voided, in the spaces provided.

C. Line 40: Collection Vouchers on Hand. This subsection tracks the voucher numbers of agent collection vouchers on hand at the close of the business day. Note that, unlike disbursement vouchers, collection vouchers are not an official part of agent accountability. Rather, the instruments collected (cash, checks, etc.) constitute a part of the agent's accountability. Nonetheless, the agent is responsible for preparing collection vouchers to document all collections received and is also responsible to ensure that the original and required copies of the collection vouchers are turned in to the

principal for eventual forwarding to the servicing DFAS Center with the DO's financial reports. Also, enter collection voucher numbers not used, duplicated, and voided, in the space provided.

D. Line 41: Vouchers Returned for Correction. Vouchers returned by the DO for correction do not officially increase the agent's accountability. However, such vouchers must be eventually returned to the DO for recording in the accounting system. Record the applicable disbursement and collection voucher numbers of vouchers not yet corrected and returned to the DO.

★ E. Line 42: Treasury Check Stock on Hand. If the agent is authorized to issue Treasury checks, complete this section for each series of blank checks on hand, including control checks. Enter the inclusive check numbers of all blank Treasury check stock on hand at the end of the business day.

F. Line 43: Agent Remarks. Enter any necessary remarks at the agent's discretion or at the direction of the principal.

#### 1904 PREPARATION OF DD FORM 1081, STATEMENT OF AGENT OFFICER'S ACCOUNT

★190401. General. DD Form 1081 shall be prepared as a summary of cash transactions and receipt for cash and vouchers on hand between DOs and their agent officers (deputies, agents, cashiers, paying agents, and collection agents). The DD Form 1081 shall also be initiated by the DO when funds are advanced to an agent officer. The agent officer shall initiate the DD Form 1081 when funds and/or cash vouchers are turned in to the DO. Cash transactions that increase the accountability of the agent officer shall be shown in the Increase column. Cash transactions that decrease the accountability of the agent officer shall be shown in the Decrease column.

190402. Preparation of DD Form 1081 by DO. The DO shall prepare DD Form 1081 in an original and 2 copies to account for an advance of funds to an agent officer. The identification of the DO and that of the agent officer shall be entered in the blocks provided for this purpose. Figure 19-3 is provided as an example of a

properly prepared DD Form 1081 for advancing funds to an agent officer.

A. Line 1. In the Beginning Balance column, enter the balance in the agent officer's account before the current advance of funds. This amount should be the same as the amount shown on line 17 of the last DD Form 2665 submitted by the agent and line 12 of the last DD Form 1081 submitted by the agent.

B. Lines 2 through 4. In the Increase column, enter on the appropriate line the amount of currency included in the current advance.

C. Lines 5 and 6. Leave blank. These lines are not used on an advance of funds.

D. Line 7A, 7B, and 7C. In the Increase column, enter the amount of Treasury checks and/or any other negotiable instruments included in the advance. If space permits, enter the check number(s) on the corresponding line. If more space is required, list the check numbers on the reverse of the form.

E. Line 8. Leave blank. This line is not used on an advance of funds.

F. Line 9. In the Increase column, enter the dollar value of incorrect vouchers returned to the agent officer. The return of incorrect vouchers to an agent officer shall be considered as funds advanced.

G. Lines 10 and 11. In the Transactions column, enter an appropriate identification of items other than those described above that are included in the advance of funds. Enter the amount of such items in the Increase column.

H. Line 12. In the Beginning Balance column, enter the grand total of the amount entered on line 1 plus the total of the amounts entered in the Increase column on lines 2 through 11. This grand total represents the balance in the agent officer's account as a result of the advance.

#### I. Statements

1. Disbursing Officer. The DO shall place an "X" in the box provided opposite the On Advance statement to indicate that the

form is to account for an advance of funds to the agent officer and shall complete the Date and Signature blocks to authenticate the statement opposite the box checked. The signed original and duplicate of the form, together with the funds, shall be delivered to the agent officer. The triplicate copy shall be retained by the DO pending return of the signed original by the agent officer.

2. Agent Officer. The agent officer shall verify that the items received are in agreement with the amounts stated on DD Form 1081. The agent officer shall then place an "X" in the box provided opposite the agent officer's On Advance statement and shall complete the Date and Signature blocks to authenticate the statement shown opposite the box checked. The original DD Form 1081 shall be returned to the DO as a receipt for the funds. The duplicate copy shall be retained by the agent officer.

★190403. Preparation of DD Form 1081 by Agent Officer. The agent officer shall prepare DD Form 1081 in an original and 2 copies to account for a return of funds and/or cash vouchers to the DO. The identification of the DO and that of the agent officer shall be entered in the blocks provided for this purpose. Figure 19-4 is provided as an example of a properly prepared DD Form 1081 to return funds and/or cash vouchers to the DO.

A. Line 1. In the Beginning Balance column, enter the balance in the agent officer's account before the current return of funds and/or cash vouchers. This amount should be the same as the amount shown on line 17 of the last DD Form 2665 submitted by the agent and line 12 of the last DD Form 1081 submitted by the agent.

B. Lines 2 through 4. In the Decrease column, enter on the appropriate line the amount of currency included in the return.

C. Line 5. In the Increase column, enter the amount of collections made by the agent officer in the form of cash or negotiable instruments.

D. Line 6. In the Decrease column, enter the amount of deposits (SF 215) made by



the agent officer to the credit of the Treasury over the DSSN of the DO.

E. Line 7A, 7B, and 7C. In the Decrease column, enter the amount of Treasury checks and/or any other negotiable instruments being returned to the DO. (Items previously advanced by the DO, but not used).

★ F. Line 8. In the Decrease column, enter the amount of vouchers paid in cash by the agent officer and included in the return.

G. Line 9. Leave blank. This line is not used by agent officers on return of funds and/or cash vouchers to the DO.

H. Lines 10 and 11. In the Transactions column, enter an appropriate identification of items other than those described above that are included in the return. Enter the amount of such items in the Decrease column.

I. Line 12. In the Beginning Balance column, enter the total of the amount entered on line 1 plus the total of the amounts entered in the Increase column on lines 2 through 11. In the Ending Balance column, enter the grand total of the amount entered in the Increase column of this line minus the total of the amounts entered in the Decrease column on lines 2 through 11. This grand total represents the balance in the agent officer's account as a result of the return.

#### J. Statements

1. Agent Officer. The agent officer shall place an "X" in the box provided opposite the agent officer's On Return statement to indicate that the form is prepared to account for the return of funds and/or cash vouchers to the DO and shall complete the Date and Signature blocks to authenticate the statement shown opposite the box checked. The signed original and duplicate of the DD Form 1081, with the funds and/or cash vouchers, shall be delivered to the DO. The triplicate copy shall be retained by the agent officer pending return of the signed duplicate by the DO.

2. Disbursing Officer. The DO shall verify that the amounts reported on the DD Form 1081 are in agreement with the items received and shall then place an "X" in the box

provided opposite the On Return statement. The DO shall complete the Date and Signature blocks to authenticate the statement opposite the box checked. The signed duplicate of the form shall be returned to the agent officer as a receipt for the items turned in. The original of the form shall be retained by the DO.

#### 1905 PREPARATION OF SF 1219, STATEMENT OF ACCOUNTABILITY

190501. General. Every DO shall submit an SF 1219 each month for each DSSN assigned whether or not any transactions occur or any accountable balance is involved. A final SF 1219 shall be prepared and submitted by the DO being relieved irrespective of the fact that the last day of the accounting period may be other than the last day of the month. The final SF 1219 shall be plainly marked "FINAL" in the blank space directly above the name line. Erasures, strikeouts, or marks of any description other than legitimate entries are not permitted on the SF 1219. Use cumulative month-to-date totals from the final DD Form 2657 for the accounting period (or month) to complete the similarly-numbered lines of the SF 1219. Certain alpha-suffixed cumulative line totals on the DD Form 2657 must be combined for entering on the SF 1219.

#### 190502. Heading

A. Name of Disbursing Officer. Enter the full name and rank or grade of the DO.

B. Location of Disbursing Officer. Enter the unit identification code, name, and location of the disbursing activity.

C. Name of Agency. Enter "Army", "Navy", "Air Force", "Marine Corps", as applicable. Defense agencies other than Army, Navy, Air Force, or Marine Corps shall enter the appropriate Component name shown above based on the Component from which the DSSN was obtained.

D. Agency Location Code. Enter the four-digit DSSN under which the DO is operating. A separate SF 1219 shall be prepared for each DSSN.

E. Period of Account. Enter the first and last days of the reporting period. Normally, the reporting period begins on the first day of each calendar month and ends on the last day. A reporting period never extends beyond the last day of a calendar month. Exceptions to the calendar month as the reporting period will depend on situations such as when a DO is relieved from disbursing duties prior to the last day of the month, or when a DO commences disbursing duties on a day other than the first day of the month.

190503. Section I - General Statement of Account

A. Part A - Transactions During Period Affecting Accountability

1. Line 1.00: Total Accountability Beginning of Period. Enter the Month-to-Date column total from line 1.00 of the final DD Form 2657 for the reporting period. This amount must be the same amount reported as the Accountability Close of Period (line 5.00) of the SF 1219 for the previous reporting period. In the case of relieving DOs, the amount shown must be the same as the amount shown on line 11.0 of the relieved DO's final SF 1219. Note: Relieving DOs assigned to tactical units and Naval vessels shall follow the instructions in chapter 02 of this Volume for this line. DOs reporting foreign currency shall enter the amount of foreign currency (including limited depositary checking accounts) held at the beginning of the reporting period in the blank space opposite the caption for line 1.00.

2. Line 2.1: Checks Issued on U.S. Treasury. Enter the combined Month-to-Date column totals of lines 2.1A and 2.1B of the final DD Form 2657 for the reporting period. This amount must agree with the amount in column (5), Part A, Section II, on the reverse of the SF 1219 and with the net total of checks issued as reported on the SF 1179. The total of checks issued (including adjustments) entered refers only to checks drawn on the U.S. Treasury and shall not include limited depositary account checks. Limited depositary account checks shall be treated as cash transactions and shall be reflected on line 6.1.

3. Line 2.34: Discrepancies in D.O. Accounts - Credits. Do not use.

4. Line 2.36: Payments By Another D.O.. Do not use.

★ 5. Line 2.37: Transfers From Other DOs. Use this line to record the final accountability of a deactivated DSSN that is being assumed by the DO. The same accountability figure must be shown on line 4.37 of the deactivated DSSN's SF 1219. Also use this line to record a transfer of funds from another DO. The transferring DO shall have a corresponding entry on line 4.37 of his or her SF 1219. The amount entered shall be the same amount as shown in the Month-to-Date column on line 2.37 of the final DD Form 2657 for the reporting period.

6. Line 2.39. Normally this line is not used. However, designated DOs participating in Treasury's On-Line Payment and Collection System (OPAC) may use this line as described in this subparagraph. Refer to chapters 10, 11, and 24 of this Volume for detailed information regarding the use of OPAC. The paper version of the SF 1219 has not yet been revised by Treasury to include Line 2.8 - OPAC Payments and Collections. However, Treasury has revised the requirements for disbursing offices electronically preparing and submitting the SF 1219. The electronic format includes Line 2.8 specifically for OPAC Payments and Collections. If the SF 1219 is prepared manually, strike out the caption 2.39 and insert 2.8 - OPAC Payments and Collections. Enter the net monthly OPAC interagency payments and collections for certain supplies and services rendered, including any adjustments for the current month. The amount entered shall be the same as shown in the Month-to-Date column of line 2.8 of the final DD Form 2657 for the reporting period. Treasury's Financial Management Service will compare customer and billing agencies' SF 1219 OPAC transactions with the OPAC data. If there is a difference in the comparison, a TFS Form 6652, Statement of Differences - Disbursing Office Transactions will be generated. The differences must be investigated and necessary corrections made on the next month's SF 1219.



7. Line 2.9: Total Increases in Accountability. Enter the sum of lines 2.1 through 2.39. The amount must agree with the Month-to-Date column total on line 2.9 of the final DD Form 2657 for the reporting period.

8. Line 3.0: Subtotal. Enter the sum of lines 1.00 and 2.9. The amount must agree with the Month-to-Date column total on line 3.0 of the final DD Form 2657 for the reporting period.

9. Line 4.1: Net Disbursements. Enter the Month-to-Date column total from line 4.1F of the final DD Form 2657 for the reporting period.

10. Line 4.2: Deposits Presented or Mailed to Bank. Enter the combined Month-to-Date column totals from lines 4.2A and 4.2B of the final DD Form 2657 for the reporting period. The amount entered shall agree with the amount in column (5), Part B, Section II on the reverse of the SF 1219.

11. Line 4.34: Discrepancies in D.O. Accounts - Debits. Do not use.

12. Line 4.36: Payments for Another D.O. Do not use.

★ 13. Line 4.37: Transfers to Other DOs. Use this line when the DSSN is being deactivated and final accountability is being transferred to another DO. The gaining DO shall assume accountability for this balance by recording an increase on line 2.37 of his or her SF 1219 for the same reporting period. Also use this line to record a transfer of funds to another DO. The receiving DO shall have a corresponding entry on line 2.37 of his or her SF 1219 for the same reporting period. The amount entered must be the same as shown in the Month-to-Date column on line 4.37 of the final DD Form 2657 for the reporting period.

14. Line 4.39. Do not use.

15. Line 4.9: Total Decreases in Accountability. Enter the sum of lines 4.1 through 4.39. The amount must agree with the Month-to-Date column total on line 4.9 of the final DD Form 2657 for the reporting period.

16. Line 5.00: Total Accountability Close of Period. Subtract the amount on line 4.9 from the amount on line 3.0 and enter the result. This amount must agree with the Month-to-Date column total on line 5.0 of the final DD Form 2657 for the reporting period.

#### B. Part B - Analysis of Incumbent Officer's Accountability

1. Line 6.1: Cash on Deposit in Designated Depository. Enter the Month-to-Date column total from line 6.1 of the final DD Form 2657 for the reporting period. If there is only one LDA, show the name and location on the Name and Location of Depository line of the description column. If more than one LDA is maintained, attach a schedule to each copy of the SF 1219 showing the name, location, foreign currency unit, and U.S. dollar equivalent for each LDA and show the total of all LDAs on line 6.1. Enter "See Attached" on the Name and Location of Depository line. Amounts on this line shall always be reported in U.S. dollars and agree with the DO's computed limited depository checkbook balance.

2. Line 6.2: Cash on Hand. Enter the combined Month-to-Date column totals of lines 6.2A and 6.2B of the final DD Form 2657 for the reporting period. Show a parenthetical U.S. dollar equivalent of foreign currencies on hand (from line 6.2B of the DD Form 2657) after the description. DOs on Navy vessels with an Automated Teller Machine (ATM) System shall include funds in the possession of ATM custodians on this line. Do not include currency and coins held by deputies, agents, and cashiers at locations other than the main disbursing office or cash held for payrolls on this line. Cash held by deputies, agents, and cashiers at locations other than the main disbursing office shall be reported on line 6.5. Cash held for payrolls shall be reported on line 6.8.

3. Line 6.3: Cash - Undeposited Collections. Enter the combined Month-to-Date column totals of lines 6.3A and 6.3B of the final DD Form 2657 for the reporting period. Include all undeposited cash and cash items (e.g. checks and money orders) on hand at the close of the reporting period that are for deposit to the U.S. Treasury General Account (TGA). Do not in-

clude deposits already mailed or presented for credit to the TGA.

4. Line 6.4. Enter the caption "Custody or Contingency Cash" in the description column. The amount entered on this line includes cash held under custody account agreements in overseas contract MBFs or, when separately approved by Treasury, cash held as cash reserves for contingency requirements. Enter the Month-to-Date column total from line 6.4 of the final DD Form 2657 for the reporting period.

5. Line 6.5: Cash in Custody of Government Cashiers. Amounts entered on this line include coin and currency in the hands of deputies, agents, cashiers, imprest fund cashiers, collection agents, paying agents, and change fund custodians at locations other than the main disbursing office. Do not include amounts held by deputies, agents, and cashiers in the main disbursing office or amounts held by ATM custodians on Navy vessels. Enter the Month-to-Date column total from line 6.5 of the final DD Form 2657 for the reporting period. Also, enter in parentheses (in the space between the caption and the amount column) the dollar equivalent of foreign currencies included in the amount reported.

6. Line 6.6. Enter the caption "Advances to Contractors" in the description column. Enter the Month-to-Date column total from line 6.6 of the final DD Form 2657 for the reporting period.

7. Line 6.7. Enter the caption "Cash in Transit" in the description column. Enter the Month-to-Date column total from line 6.7 of the final DD Form 2657 for the reporting period.

8. Line 6.8. Enter the caption "Payroll Cash" in the description column. Do not report amounts held by ATM custodians on Navy vessels on this line. Enter the Month-to-Date column total from line 6.8 of the final DD Form 2657 for the reporting period.

9. Line 6.9. Enter the caption "Other Cash Items" in the description column. Enter the Month-to-Date column total from line

6.9 of the final DD Form 2657 for the reporting period.

10. Line 7.1: Deferred Charges - Vouchered Items. Enter the Month-to-Date column total from line 7.1 of the final DD Form 2657 for the reporting period.

11. Line 7.2: Receivables - Check Overdrafts. Enter the combined Month-to-Date column totals from lines 7.2A and 7.2B of the final DD Form 2657 for the reporting period.

12. Line 7.3: Losses of Funds. Enter the Month-to-Date column total from line 7.3 of the final DD Form 2657 for the reporting period.

13. Line 7.4: Receivables - Dishonored Checks. Enter the Month-to-Date column total from line 7.4 of the final DD Form 2657 for the reporting period.

14. Lines 7.5 Through 7.9: Do not use.

15. Line 8.0: Total of My Accountability. Enter the total of lines 6.1 through 7.4. This amount must agree with the Month-to-Date column total from line 8.0 of the final DD Form 2657 for the reporting period.

### C. Part C - Analysis of Predecessor Officers' Accountability

★ 1. Line 9.2: Receivables - Check Overdrafts. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in chapter 22 of this Volume. Enter the combined Month-to-Date column totals from lines 9.2A and 9.2B of the final DD Form 2657 for the reporting period.

★ 2. Line 9.3: Losses of Funds. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in chapter 22 of this Volume. Enter the Month-to-Date column total from line 9.3 of the final DD Form 2657 for the reporting period.

★ 3. Line 9.4: Other Accountability. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor

sor DOs as prescribed in chapter 22 of this Volume. Enter Month-to-Date column total from line 9.4 of the final DD Form 2657 for the reporting period.

★ 4. Line 10.0: Total Predecessor Officers' Accountability. This line shall be used by DOs charged with responsibility to settle the accounts of predecessor DOs as prescribed in chapter 22 of this Volume. Enter the total of lines 9.2 through 9.4. This total shall agree with the Month-to-Date column total from line 10.0 of the final DD Form 2657 for the reporting period.

5. Line 11.0: Total Disbursing Office Accountability. Enter the total of lines 8.0 and 10.0. This total must be equal to the amount entered in Part A on line 5.0, and must also equal the Month-to-Date column total from line 11 of the final DD Form 2657 for the reporting period.

190504. Certification. Type the name and telephone number (both commercial (including area code) and DSN) of the person to be contacted should any questions arise regarding the SF 1219. The DO or, during periods of authorized absence of the DO, an authorized deputy DO, shall sign the certification in the space provided. The signature of the DO or deputy shall be in the same form as used for signing Treasury checks. The date of submission shall be typed in the space provided. In the case of a DO being relieved from disbursing duty, the relieving DO shall certify the receipt of accountability at the bottom of the SF 1219 as prescribed in chapter 02 of this Volume. Figure 19-5 is provided as an example of a properly prepared SF 1219.

190505. Air Force Merged Accountability and Fund Reporting System (MAFR) Balancing. Air Force DOs are required to add the following lines in the bottom margin of the SF 1219 to facilitate balancing of its MAFR system.

A. Line 4.11 - Gross Disbursements. Enter the cumulative amount from line 4.1A of the last DD Form 2657 prepared for the accounting period (month). If line 4.1A is not used, enter the amount from line 4.1C of the DD Form 2657.

B. Line 4.12 - Refunds. Enter the cumulative amount from line 4.1B of the last DD

Form 2657 prepared for the accounting period (month). If line 4.1B is not used, enter zero.

C. Line 4.13 - Receipts. Enter the cumulative amount from line 4.1D of the last DD Form 2657 prepared for the accounting period (month).

D. Line 4.14 - Reimbursements. Enter the cumulative amount from line 4.1E of the last DD Form 2657 prepared for the accounting period (month).

E. Line 4.15 - Total Collections. Enter the total of the amounts included in lines 4.12, 4.13, and 4.14 above.

190506. Section II - Summary by Symbol of Check and Deposit Transactions with U.S. Treasury

A. Part A - Checks Issued and Adjustments for Prior Periods. The detailed information required to be reported in this part is indicated by the columnar headings. The information shall be shown for the DSSN under which there were checks issued or check issue adjustment transactions in the current reporting period. The amounts reported in the respective columns must agree with amounts reported on the SF 1179 for the same reporting period.

1. Column (1) - Check Symbol. Enter the DSSN covered by the SF 1219.

2. Column (2) - Amount of Checks Issued this Period. Enter the total amount of all Treasury checks issued during the current reporting period. Check issue adjustments accomplished using OFs 1017-G applicable to checks issued during the current reporting period (after such checks have been reported as check issues to Treasury) shall be included in the total shown in this column. If overdrafts or underdrafts are discovered before level 8 check issue reporting for those same checks is made, the level 8 report is changed (i.e., without a check issue adjustment). In the case of an overdraft, an accountability-balancing increase to line 7.2A of the DD Form 2657 would be made. In the case of an underdraft, another check would be issued and recorded in the normal manner, and both check numbers cited on the disbursement voucher. The amount entered in this

column must agree with the amount reported on line 1 of the summary portion of the SF 1179. Do not enter limited depositary account check issues in this column.

3. Column (3) - Adjustments for Prior Months' Issues by FMS Form 5206. Enter the issue month and year and the amount of each adjustment applicable to checks issued in prior periods and documented by FMS Forms 5206. Entries in this column can include check issue adjustments for checks issued and reported under level 8 check issue reporting in the same reporting period (month). The total of this column must equal the amount shown on line 2(a) in the summary portion of the SF 1179.

4. Column (4) - Adjustments for Prior Months' Issues by Other than FMS Form 5206. Enter the issue month and year and the amount of each adjustment applicable to checks issued in prior periods initiated locally by the DO on OFs 1071-G to correct a difference for which a FMS Form 5206 has not been received. Entries in this column can include check issue adjustments for checks issued and reported under level 8 check issue reporting in the same reporting period (month). The total of this column must equal the amount shown on line 2(b) in the summary portion of the SF 1179.

5. Column (5) - Total Checks Issued. Enter the amount of column (2), plus or minus the amounts entered in columns (3) and (4). The total reported in column (5) must be the amount reported in on line 2.1 of Section I, Part A on the face of the SF 1219. This amount must also be the same amount reported on line 3 in the summary portion of the SF 1179.

B. Part B - Summary of Deposits Presented or Mailed to Bank. In this part, an analysis shall be shown by DSSN of the deposits (SF 215) and debit vouchers (SF 5515) that have been taken up in the accounts of the DO during the current reporting period. The information required to be reported is indicated by the columnar headings.

1. Column (1) - Deposit Symbol. Enter the DSSN under which deposits were made.

2. Column (2) - Deposits Presented or Mailed to Bank This Month. Enter the total of all SFs 215 presented or mailed to the FRB or general depositary during the current reporting period (month) regardless of whether the deposits have been confirmed by the depositary. Include any SFs 5515 that are accounted for by the depositary (block 2 of the SF 5515) during the same period for which the SF 1219 is being prepared. An SF 5515 reduces total deposits. Note that if deposits presented or mailed to a depositary during the first few days of the month are physically dated in the previous month, they shall be excluded from this column and included in columns (3) and (4).

3. Columns (3) and (4) - Deposits Presented or Mailed to Bank in Prior Months but Recorded in Accounts this Month. Enter in column (3) the month and year of presentation or mailing of all SFs 215 and SFs 5515 taken into the accounts during the current month with a presentation or mailing date (block 2 of the forms) in any prior month. Enter in column (4) the total amount of the deposits less the debit vouchers. If more than 1 prior month is involved in the total of such deposits reported, each month and year shall be shown in column (3) and separate totals for each month shown in column (4).

4. Column (5) - Total Deposits Presented or Mailed to Bank. Enter the total of columns (2) and (4). This amount must agree with the amount shown on line 4.2 in Section I, Part A on the face of the SF 1219.

C. OPAC Payments and Collections. Designated disbursing offices participating in Treasury's OPAC system and preparing the SF 1219 electronically shall also electronically report the detail supporting line 2.8 on the face of the SF 1219. Disbursing offices participating in OPAC and preparing the SF 1219 manually shall prepare a separate schedule detailing all OPAC transactions during the reporting month. The schedule shall be prepared in the same number of copies as the SF 1219 and attached thereto. The format and content of the schedule are shown in the following subparagraphs.

1. Column (1) - Check/DO Symbol. Enter the DSSN under which the OPAC payments and collections are made.

2. Column (2) - Issue Date (MM/YY). Enter the month and year during which the OPAC transaction (including adjustments) is processed.

3. Column (3) - Amount of OPAC Payments and Collections. Enter the amount of the OPAC transaction or adjustment. Enter payments as a positive (+) amount and collections as a negative (-) amount.

4. Column (4) - Total OPAC Payments and Collections. Enter the net total of the payments and collections entered in column (3). The total entered in this column must equal the amount entered on line 2.39 (retitled 2.8) in Section I, Part A on the face of the SF 1219.

190507. Erroneous Statements of Accountability. DOs shall not submit corrected or amended SFs 1219 under any circumstances. If adjustment action is necessary, the adjustment shall be made on the succeeding month's SF 1219. In instances when a final SF 1219 has been submitted because of deactivation of a disbursing office and subsequent adjustments are found to be necessary, a supplemental SF 1219 shall be submitted showing such adjustments. The adjustment entries shall be explained in detail by supporting documentation attached to SF 1219.

DAILY STATEMENT OF ACCOUNTABILITY		1. DSSN 6432	2. DATE 9/01/XX	
<b>SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY</b>				
a. LINE	b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE	
1.0	ACCOUNTABILITY - Beginning of Day	68,350.00	68,350.00	
2.1A	CHECKS ISSUED IN PAYMENT OF VOUCHERS			
2.1B	CHECKS ISSUED - ALL OTHERS			
2.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
2.34	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)			
2.36	PAYMENTS BY ANOTHER DO (Do not use this line)			
2.37	TRANSFERS FROM OTHER DOs			
2.8	OPAC PAYMENTS AND COLLECTIONS			
2.9	TOTAL ACCOUNTABILITY INCREASES	68,350.00	68,350.00	
3.0	GROSS ACCOUNTABILITY			
4.1A	Gross Disbursements			
4.1B	Less - Refunds			
4.1C	Net Disbursements			
4.1D	Less - Receipts			
4.1E	Less - Reimbursements			
4.1F	NET EXPENDITURES			
4.2A	DEPOSITS PRESENTED OR MAILED TO BANK			
4.2B	EFT DÉBIT VOUCHERS			
4.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
4.34	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)			
4.36	PAYMENTS FOR OTHER DOs (Do not use this line)			
4.37	TRANSFERS TO OTHER DOs			
4.9	TOTAL ACCOUNTABILITY DECREASES			
5.0	ACCOUNTABILITY - End of Day	68,350.00	68,350.00	
<b>SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITORY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND			37,850.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND			
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			20,000.00
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY			68,350.00
<b>SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY			
<b>SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY			68,350.00
3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print) John R. Doe, Major, USAF		4. DISBURSING OFFICER OR DEPUTY SIGNATURE		5. DATE 9/01/XX

DD Form 2657, AUG 93

★Figure 19-1. Sample DD Form 2657, Daily Statement of Accountability

DD Form 2657, AUG 93 (Back)

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DAILY STATEMENT OF ACCOUNTABILITY		1. DSSN 6432	2. DATE 9/02/XX	
<b>SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY</b>				
a. LINE	b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE	
1.0	ACCOUNTABILITY - Beginning of Day			
2.1A	CHECKS ISSUED IN PAYMENT OF VOUCHERS	68,350.00	68,350.00	
2.1B	CHECKS ISSUED - ALL OTHERS	6,000.00	6,000.00	
2.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
2.34	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)			
2.36	PAYMENTS BY ANOTHER DO (Do not use this line)			
2.37	TRANSFERS FROM OTHER DOs			
2.8	OPAC PAYMENTS AND COLLECTIONS			
2.9	TOTAL ACCOUNTABILITY INCREASES	6,000.00	6,000.00	
3.0	GROSS ACCOUNTABILITY			
4.1A	Gross Disbursements	74,350.00	74,350.00	
4.1B	Less - Refunds	6,000.00	6,000.00	
4.1C	Net Disbursements			
4.1D	Less - Receipts	6,000.00	6,000.00	
4.1E	Less - Reimbursements			
4.1F	NET EXPENDITURES	2,000.00	2,000.00	
4.2A	DEPOSITS PRESENTED OR MAILED TO BANK	4,000.00	4,000.00	
4.2B	EFT DEBIT VOUCHERS			
4.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
4.34	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)			
4.36	PAYMENTS FOR OTHER DOs (Do not use this line)			
4.37	TRANSFERS TO OTHER DOs			
4.9	TOTAL ACCOUNTABILITY DECREASES	4,000.00	4,000.00	
5.0	ACCOUNTABILITY - End of Day	70,350.00	70,350.00	
<b>SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITORY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND	1,900.00		39,750.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND			
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			
6.6	ADVANCES TO CONTRACTORS			20,000.00
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS	100.00		100.00
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	2,000.00		70,350.00
<b>SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY			
<b>SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	2,000.00		70,350.00
3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print)		4. DISBURSING OFFICER OR DEPUTY SIGNATURE		5. DATE
John R. Doe, Major, USAF				9/02/XX

DD Form 2657, AUG 93

★Figure 19-1. Sample DD Form 2657, Daily Statement of Accountability (Continued)



DD Form 2657, AUG 93 (Back)

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DAILY STATEMENT OF ACCOUNTABILITY		1. DSSN 6432	2. DATE 9/15/XX	
<b>SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY</b>				
a. LINE	b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE	
1.0	ACCOUNTABILITY - Beginning of Day	70,350.00	68,350.00	
2.1A	CHECKS ISSUED IN PAYMENT OF VOUCHERS	35,000.00	41,000.00	
2.1B	CHECKS ISSUED - ALL OTHERS	5,000.00	5,000.00	
2.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
2.34	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)			
2.36	PAYMENTS BY ANOTHER DO (Do not use this line)			
2.37	TRANSFERS FROM OTHER DOs			
2.8	OPAC PAYMENTS AND COLLECTIONS			
2.9	TOTAL ACCOUNTABILITY INCREASES	40,000.00	46,000.00	
3.0	GROSS ACCOUNTABILITY	110,350.00	114,350.00	
4.1A	Gross Disbursements	45,000.00	51,000.00	
4.1B	Less - Refunds			
4.1C	Net Disbursements	45,000.00	51,000.00	
4.1D	Less - Receipts			
4.1E	Less - Reimbursements		2,000.00	
4.1F	NET EXPENDITURES	45,000.00	49,000.00	
4.2A	DEPOSITS PRESENTED OR MAILED TO BANK			
4.2B	EFT DEBIT VOUCHERS			
4.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
4.34	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)			
4.36	PAYMENTS FOR OTHER DOs (Do not use this line)			
4.37	TRANSFERS TO OTHER DOs			
4.9	TOTAL ACCOUNTABILITY DECREASES	45,000.00	49,000.00	
5.0	ACCOUNTABILITY - End of Day	65,350.00	65,350.00	
<b>SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITORY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND		19,750.00	20,000.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND	9,750.00		9,750.00
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS	5,000.00		25,000.00
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS			100.00
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	14,750.00	19,750.00	65,350.00
<b>SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DO's ACCOUNTABILITY			
<b>SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	14,750.00	19,750.00	65,350.00
3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print)		4. DISBURSING OFFICER OR DEPUTY SIGNATURE		5. DATE
John R. Doe, Major, USAF				9/15/XX

DD Form 2657, AUG 93

★Figure 19-1. Sample DD Form 2657, Daily Statement of Accountability (Continued)

DD Form 2657, AUG 93 (Back)

★Figure 19-1. Sample DD Form 2657, Daily Statement of Accountability (Back)

DAILY STATEMENT OF ACCOUNTABILITY		1. DSSN 6432	2. DATE 9/30/XX	
<b>SECTION I - TRANSACTIONS AFFECTING ACCOUNTABILITY</b>				
a. LINE	b. DESCRIPTION	c. TODAY	d. MONTH-TO-DATE	
1.0	ACCOUNTABILITY - Beginning of Day	65,350.00	68,350.00	
2.1A	CHECKS ISSUED IN PAYMENT OF VOUCHERS	15,500.00	56,500.00	
2.1B	CHECKS ISSUED - ALL OTHERS			
2.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
2.34	DISCREPANCIES IN DO ACCOUNT - CREDITS (Do not use this line)			
2.36	PAYMENTS BY ANOTHER DO (Do not use this line)			
2.37	TRANSFERS FROM OTHER DOs			
2.8	OPAC PAYMENTS AND COLLECTIONS	10,000.00	10,000.00	
2.9	TOTAL ACCOUNTABILITY INCREASES	25,500.00	71,500.00	
3.0	GROSS ACCOUNTABILITY	90,850.00	139,850.00	
4.1A	Gross Disbursements	25,500.00	76,500.00	
4.1B	Less - Refunds			
4.1C	Net Disbursements	25,500.00	74,500.00	
4.1D	Less - Receipts			
4.1E	Less - Reimbursements		2,000.00	
4.1F	NET EXPENDITURES	25,500.00	74,500.00	
4.2A	DEPOSITS PRESENTED OR MAILED TO BANK	9,750.007	9,750.00	
4.2B	EFT DEBIT VOUCHERS			
4.3	OTHER TRANSACTIONS (Do not report on SF 1219)			
4.34	DISCREPANCIES IN DO ACCOUNT - DEBITS (Do not use this line)			
4.36	PAYMENTS FOR OTHER DOs (Do not use this line)			
4.37	TRANSFERS TO OTHER DOs			
4.9	TOTAL ACCOUNTABILITY DECREASES	35,250.00	84,250.00	
5.0	ACCOUNTABILITY - End of Day	55,600.00	55,600.00	
<b>SECTION II - DISTRIBUTION OF ACCOUNTABILITY - INCUMBENT DO</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
6.1	DESIGNATED DEPOSITARY Bk of London (Pounds)			8,000.00
6.2A	U.S. CURRENCY/COINAGE ON HAND	100.00		20,100.00
6.2B	FOREIGN CURRENCY/COINAGE ON HAND (Pounds)			
6.3A	UNDEPOSITED COLLECTIONS - GENERAL			
6.3B	OTHER UNDEPOSITED INSTRUMENTS ON HAND		9,750.00	
6.4	CUSTODY OR CONTINGENCY CASH			
6.5	FUNDS WITH AGENTS			25,000.00
6.6	ADVANCES TO CONTRACTORS			
6.7	CASH IN TRANSIT			
6.8	PAYROLL CASH			2,500.00
6.9	OTHER			
7.1	DEFERRED VOUCHERS			
7.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
7.2B	ACCOUNTS RECEIVABLE - OTHER			
7.3	LOSS OF FUNDS		100.00	
7.4	DISHONORED CHECKS RECEIVABLE			
7.5				
7.6				
7.7				
8.0	TOTAL INCUMBENT DO ACCOUNTABILITY	100.00	9,850.00	55,600.00
<b>SECTION III - DISTRIBUTION OF ACCOUNTABILITY - PREDECESSOR DOs</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
9.2A	ACCOUNTS RECEIVABLE - CHECK OVERDRAFTS			
9.2B	ACCOUNTS RECEIVABLE - OTHER			
9.3	LOSS OF FUNDS			
9.4	OTHER			
10.0	TOTAL PREDECESSOR DOs ACCOUNTABILITY			
<b>SECTION IV - DISTRIBUTION OF ACCOUNTABILITY - COMBINED</b>				
a. LINE	b. DESCRIPTION	c. DAILY INCREASE	d. DAILY DECREASE	e. MONTH-TO-DATE
11.0	TOTAL DSSN ACCOUNTABILITY	100.00	9,850.00	55,600.00
3. DISBURSING OFFICER NAME, RANK OR GRADE, TITLE (Type or Print)		4. DISBURSING OFFICER OR DEPUTY SIGNATURE		5. DATE
John R. Doe, Major, USAF				9/30/XX

DD Form 2657, AUG 93

★Figure 19-1. Sample DD Form 2657, Daily Statement of Accountability (Continued)

DD Form 2657, AUG 93 (Back)

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DAILY AGENT ACCOUNTABILITY SUMMARY						1. DATE 6/1/XX	
SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS							
a. LINE NO.	b. DESCRIPTION				c. TODAY	d. CUMULATIVE	
1.	ACCOUNTABILITY - BEGINNING				0	0	
2.	I N C R E A S E S	ADVANCES	a. Cash 10,000.00	b. Prepositioned Checks	c. Other	10,000.00	10,000.00
3.		VOUCHERED COLLECTIONS				500.00	500.00
4.		TREASURY CHECK ISSUES	a. Vouchered 1,000.00	b. Other		1,000.00	1,000.00
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.		EXCHANGE GAIN ACCUMULATIONS					
7.		OTHER (Explain)					
8.		TOTAL INCREASES				11,500.00	11,500.00
9.		GROSS ACCOUNTABILITY				11,500.00	11,500.00
10.	D E C R E A S E S	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.		EXCHANGE LOSS ACCUMULATIONS					
12.		OTHER (Explain)					
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers	b. Deposit Tickets			
			c. Other Returns (Explain)				
14.		TOTAL DECREASES				0	0
15.	ACCOUNTABILITY - ENDING				11,500.00	11,500.00	
SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY							
a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS
16.	LIMITED DEPOSITORY	UNITS	RATE				
17.	CASH ON HAND (U.S.)				6,000.00		
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE			
		b. OPERATING	UNITS	RATE			
19.	PREPOSITIONED TREASURY CHECKS						
20.	NEGOTIABLE INSTRUMENTS (U.S.)						
21.	NEGOTIABLE INSTRUMENTS (Foreign)	UNITS	RATE				
22.	MILITARY PAYMENT CERTIFICATES						
23.	PAID VOUCHERS				5,000.00		
24.	FUNDS IN TRANSIT						
25.	FUNDS WITH SUBAGENTS						
26.	DEPOSIT TICKETS (not LDA)				500.00		
27.	DISHONORED CHECKS RECEIVABLE						
28.	CHECK OVERDRAFTS RECEIVABLE						
29.	LOSS OF FUNDS						
30.	DEFERRED VOUCHERS						
31.	OTHER (Explain)						
32.	TOTAL AGENT ACCOUNTABILITY				11,500.00		
SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS							
a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER	
33.	AGENT		6,000.00				
34.	DEPUTY AGENT						
35.	CASHIER						
36.	OTHER (Specify)						
37.	TOTALS		6,000.00				
2. NAME OF AGENT (Type or Print) William J. Ellis, SSGT				3. ADDRESS OF AGENT (Type or Print) DFAS-DE			
4. SIGNATURE OF AGENT							

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY							
<b>38. DEPOSIT TICKETS ON HAND</b>							
NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
123456	500.00						
<b>39. PAID VOUCHERS ON HAND</b>							
400001	THRU	400005	THRU	THRU			
	THRU		THRU	THRU			
	THRU		THRU	THRU			
	THRU		THRU	THRU			
	THRU		THRU	THRU			
	THRU		THRU	THRU			
	NOT USED		DUPLICATED	VOIDED			
<b>40. COLLECTION VOUCHERS ON HAND</b>							
200001	THRU	THRU	THRU	THRU			
	THRU	THRU	THRU	THRU			
	THRU	THRU	THRU	THRU			
	THRU	THRU	THRU	THRU			
	THRU	THRU	THRU	THRU			
	THRU	THRU	THRU	THRU			
	NOT USED		DUPLICATED	VOIDED			
<b>41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)</b>							
PAID VOUCHERS				COLLECTION VOUCHERS			
<b>42. TREASURY CHECK STOCK ON HAND</b>							
SERIES A		SERIES B		CONTROL			
70,000,001	THRU	70,000,999	THRU	THRU			
	THRU		THRU	THRU			
	THRU		THRU	THRU			
	THRU		THRU	THRU			
	THRU		THRU	THRU			
<b>43. AGENT REMARKS</b>							
\$4,000 paid in cash on DOV 400001 - 400004 \$1,000 paid by check on DOV 400005 \$500 check collected on COV 200001 (SF 215 # 123456)							

DD Form 2665, AUG 93 (Back)

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary (Back)

DAILY AGENT ACCOUNTABILITY SUMMARY						1. DATE 6/2/XX		
SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS								
a. LINE NO.	b. DESCRIPTION				c. TODAY	d. CUMULATIVE		
1.	ACCOUNTABILITY - BEGINNING				11,500.00	0		
2.	I N C R E A S E S	ADVANCES	a. Cash	b. Prepositioned Checks	c. Other	10,000.00		
3.		VOUCHERED COLLECTIONS				500.00		
4.		TREASURY CHECK ISSUES	a. Vouchered 1,000.00	b. Other	1,000.00	2,000.00		
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS						
6.		EXCHANGE GAIN ACCUMULATIONS						
7.		OTHER (Explain)						
8.		TOTAL INCREASES				1,000.00	12,500.00	
9.		GROSS ACCOUNTABILITY				12,500.00	12,500.00	
10.	D E C R E A S E S	TRANSFERS TO OTHER DISBURSING OFFICERS						
11.		EXCHANGE LOSS ACCUMULATIONS						
12.		OTHER (Explain)						
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers 6,000.00	b. Deposit Tickets 500.00	6,500.00	6,500.00		
14.		TOTAL DECREASES				6,500.00	6,500.00	
15.	ACCOUNTABILITY - ENDING				6,000.00	6,000.00		
SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY								
a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS	
16.	LIMITED DEPOSITARY	UNITS	RATE					
17.	CASH ON HAND (U.S.)				6,000.00		6,000.00	
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE				
		b. OPERATING	UNITS	RATE				
19.	PREPOSITIONED TREASURY CHECKS							
20.	NEGOTIABLE INSTRUMENTS (U.S.)							
21.	NEGOTIABLE INSTRUMENTS (Foreign)	UNITS	RATE					
22.	MILITARY PAYMENT CERTIFICATES							
23.	PAID VOUCHERS				6,000.00	6,000.00	0	
24.	FUNDS IN TRANSIT							
25.	FUNDS WITH SUBAGENTS							
26.	DEPOSIT TICKETS (not LDA)				500.00	500.00	0	
27.	DISHONORED CHECKS RECEIVABLE							
28.	CHECK OVERDRAFTS RECEIVABLE							
29.	LOSS OF FUNDS							
30.	DEFERRED VOUCHERS							
31.	OTHER (Explain)							
32.	TOTAL AGENT ACCOUNTABILITY				12,500.00	6,500.00	6,000.00	
SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS								
a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER		
33.	AGENT		6,000.00					
34.	DEPUTY AGENT							
35.	CASHIER							
36.	OTHER (Specify)							
37.	TOTALS		6,000.00					
2. NAME OF AGENT (Type or Print) William J. Ellis, SSGT				3. ADDRESS OF AGENT (Type or Print) DFAS-DE				
4. SIGNATURE OF AGENT								

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary (Continued)



SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY							
<b>38. DEPOSIT TICKETS ON HAND</b>							
NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
<b>39. PAID VOUCHERS ON HAND</b>							
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
NOT USED		DUPLICATED		VOIDED			
<b>40. COLLECTION VOUCHERS ON HAND</b>							
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
NOT USED		DUPLICATED		VOIDED			
<b>41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)</b>							
PAID VOUCHERS				COLLECTION VOUCHERS			
<b>42. TREASURY CHECK STOCK ON HAND</b>							
SERIES A		SERIES B		CONTROL			
70,000,002	THRU 70,000,999	THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
<b>43. AGENT REMARKS</b>							
\$1,000 paid by check on DOV 400006 Turn-in as of close of business 6/2/XX \$6,500.00 (DOV 400001 - 400006; COV 200001; SF 215 123456)							

DD Form 2665, AUG 93 (Back)

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary (Back) (Continued)

DAILY AGENT ACCOUNTABILITY SUMMARY						1. DATE 6/3/XX	
SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS							
a. LINE NO.	b. DESCRIPTION				c. TODAY	d. CUMULATIVE	
1.	ACCOUNTABILITY - BEGINNING				6,000.00	6,000.00	
2.	I N C R E A S E S	ADVANCES	a. Cash 2,000.00	b. Prepositioned Checks 2,000.00	c. Other	4,000.00	4,000.00
3.		VOUCHERED COLLECTIONS					
4.		TREASURY CHECK ISSUES	a. Vouchered 3,000.00		b. Other	3,000.00	3,000.00
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.		EXCHANGE GAIN ACCUMULATIONS					
7.		OTHER (Explain)					
8.		TOTAL INCREASES				7,000.00	7,000.00
9.		GROSS ACCOUNTABILITY				13,000.00	13,000.00
10.	D E C R E A S E S	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.		EXCHANGE LOSS ACCUMULATIONS					
12.		OTHER (Explain)					
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers	b. Deposit Tickets			
		c. Other Returns (Explain)					
14.		TOTAL DECREASES				0	0
15.	ACCOUNTABILITY - ENDING				13,000.00	13,000.00	
SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY							
a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS
16.	LIMITED DEPOSITARY	UNITS	RATE				
17.	CASH ON HAND (U.S.)				6,500.00		
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE			
		b. OPERATING	UNITS	RATE			
19.	PREPOSITIONED TREASURY CHECKS				2,000.00		
20.	NEGOTIABLE INSTRUMENTS (U.S.)						
21.	NEGOTIABLE INSTRUMENTS (Foreign)	UNITS	RATE				
22.	MILITARY PAYMENT CERTIFICATES						
23.	PAID VOUCHERS				4,500.00		
24.	FUNDS IN TRANSIT						
25.	FUNDS WITH SUBAGENTS						
26.	DEPOSIT TICKETS (not LDA)						
27.	DISHONORED CHECKS RECEIVABLE						
28.	CHECK OVERDRAFTS RECEIVABLE						
29.	LOSS OF FUNDS						
30.	DEFERRED VOUCHERS						
31.	OTHER (Explain)						
32.	TOTAL AGENT ACCOUNTABILITY				13,000.00		
SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS							
a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER	
33.	AGENT		6,500.00	2,000.00			
34.	DEPUTY AGENT						
35.	CASHIER						
36.	OTHER (Specify)						
37.	TOTALS		6,500.00	2,000.00			
2. NAME OF AGENT (Type or Print) William J. Ellis, SSGT				3. ADDRESS OF AGENT (Type or Print) DFAS-DE			
4. SIGNATURE OF AGENT							

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary (Continued)

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY							
<b>38. DEPOSIT TICKETS ON HAND</b>							
NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
<b>39. PAID VOUCHERS ON HAND</b>							
400007	THRU	400008	THRU	THRU	THRU	THRU	THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	NOT USED		DUPLICATED		VOIDED		
<b>40. COLLECTION VOUCHERS ON HAND</b>							
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	NOT USED		DUPLICATED		VOIDED		
<b>41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)</b>							
<b>PAID VOUCHERS</b>				<b>COLLECTION VOUCHERS</b>			
<b>42. TREASURY CHECK STOCK ON HAND</b>							
<b>SERIES A</b>		<b>SERIES B</b>		<b>CONTROL</b>			
70,000,003	THRU	70,000,999	THRU	THRU	THRU	THRU	THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
	THRU		THRU		THRU		THRU
<b>43. AGENT REMARKS</b>							
\$3,000 paid by check on DOV 400007 \$1,500 paid by cash on DOV 400008							

DD Form 2665, AUG 93 (Back)

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary (Back) (Continued)

DAILY AGENT ACCOUNTABILITY SUMMARY						1. DATE 6/4/XX	
SECTION I - SUMMARY OF DAILY ACCOUNTABILITY TRANSACTIONS							
a. LINE NO.	b. DESCRIPTION				c. TODAY	d. CUMULATIVE	
1.	ACCOUNTABILITY - BEGINNING				13,000.00	6,000.00	
2.	I N C R E A S E S	ADVANCES	a. Cash	b. Prepositioned Checks	c. Other	4,000.00	
3.		VOUCHERED COLLECTIONS				100.00	100.00
4.		TREASURY CHECK ISSUES		a. Vouchered 10,000.00	b. Other	10,000.00	13,000.00
5.		TRANSFERS FROM OTHER DISBURSING OFFICERS					
6.		EXCHANGE GAIN ACCUMULATIONS					
7.		OTHER (Explain)					
8.		TOTAL INCREASES				10,100.00	17,100.00
9.	GROSS ACCOUNTABILITY				23,100.00	23,100.00	
10.	D E C R E A S E S	TRANSFERS TO OTHER DISBURSING OFFICERS					
11.		EXCHANGE LOSS ACCUMULATIONS					
12.		OTHER (Explain)					
13.		RETURNS TO PRINCIPAL	a. Paid Vouchers 14,500.00	b. Deposit Tickets		14,500.00	14,500.00
14.		TOTAL DECREASES				14,500.00	14,500.00
15.	ACCOUNTABILITY - ENDING				8,600.00	8,600.00	
SECTION II - DISTRIBUTION OF AGENT ACCOUNTABILITY							
a. LINE NO.	b. ELEMENT OF ACCOUNTABILITY				c. ACCOUNTABILITY BEFORE TRANSFERS	d. RETURNS TO PRINCIPAL	e. ACCOUNTABILITY AFTER TRANSFERS
16.	LIMITED DEPOSITORY	UNITS	RATE				
17.	CASH ON HAND (U.S.)			6,600.00		6,600.00	
18.	CASH ON HAND (Foreign)	a. ACCOMMODATION	UNITS	RATE			
		b. OPERATING	UNITS	RATE			
19.	PREPOSITIONED TREASURY CHECKS			2,000.00		2,000.00	
20.	NEGOTIABLE INSTRUMENTS (U.S.)						
21.	NEGOTIABLE INSTRUMENTS (Foreign)	UNITS	RATE				
22.	MILITARY PAYMENT CERTIFICATES						
23.	PAID VOUCHERS			14,500.00	14,500.00	0	
24.	FUNDS IN TRANSIT						
25.	FUNDS WITH SUBAGENTS						
26.	DEPOSIT TICKETS (not LDA)						
27.	DISHONORED CHECKS RECEIVABLE						
28.	CHECK OVERDRAFTS RECEIVABLE						
29.	LOSS OF FUNDS						
30.	DEFERRED VOUCHERS						
31.	OTHER (Explain)						
32.	TOTAL AGENT ACCOUNTABILITY				23,100.00	14,500.00	8,600.00
SECTION III - LOCATION OF CASH/NEGOTIABLE INSTRUMENTS							
a. LINE NO.	b. LOCATION	c. CASH (Foreign Units)	d. CASH (U.S.)	e. PREPOSITIONED CHECKS	f. MILITARY PAYMENT CERTIFICATES	g. OTHER	
33.	AGENT		6,600.00	2,000.00			
34.	DEPUTY AGENT						
35.	CASHIER						
36.	OTHER (Specify)						
37.	TOTALS		6,600.00	2,000.00			
2. NAME OF AGENT (Type or Print) William J. Ellis, SSGT				3. ADDRESS OF AGENT (Type or Print) DFAS-DE			
4. SIGNATURE OF AGENT							

DD Form 2665, AUG 93

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary (Continued)

SECTION IV - MEMORANDUM AGENT ACCOUNTABILITY							
<b>38. DEPOSIT TICKETS ON HAND</b>							
NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
<b>39. PAID VOUCHERS ON HAND</b>							
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
NOT USED		DUPLICATED		VOIDED			
<b>40. COLLECTION VOUCHERS ON HAND</b>							
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
NOT USED		DUPLICATED		VOIDED			
<b>41. VOUCHERS RETURNED FOR CORRECTION (ON HAND)</b>							
PAID VOUCHERS				COLLECTION VOUCHERS			
<b>42. TREASURY CHECK STOCK ON HAND</b>							
SERIES A		SERIES B		CONTROL			
70,000,000	THRU 70,000,999	THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
THRU		THRU		THRU			
<b>43. AGENT REMARKS</b>							
\$10,000 paid by check on DOV 400009 - 400010 \$100.00 cash collected on COV 200002 Turn-in as of close of business 6/4/XX \$14,500.00 (DOV 400007 - 400010; COV 200002)							

DD Form 2665, AUG 93 (Back)

Figure 19-2. Sample DD Form 2665, Daily Agent Accountability Summary (Back) (Continued)

<b>STATEMENT OF AGENT OFFICER'S ACCOUNT</b>				
<b>DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.</b>  K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001		<b>AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS</b> <i>(Include ZIP Code/APO number and Telephone number.)</i> K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032		
<b>TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT</b>				
TRANSACTIONS <i>a</i>	INCREASE <i>(Received by Agent)</i> <i>b</i>	BEGINNING BALANCE <i>(In Agent's Account)</i> <i>c</i>	DECREASE <i>(Turned in by Agent)</i> <i>d</i>	ENDING BALANCE <i>(In Agent's Account)</i> <i>e</i>
1. BALANCE FORWARD		0.00		
2. U.S. DOLLARS	2562.00			
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS				
6. DEPOSITS				
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS	15,000.00			
B. MILITARY PAYMENT ORDERS				
C. OTHER <i>(Specify)</i>				
8. PAID VOUCHERS				
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		17,562.00		
<b>STATEMENTS</b>				
<b>DISBURSING OFFICER</b>  <input checked="" type="checkbox"/> <b>ON ADVANCE:</b> I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.		<b>AGENT OFFICER</b>  <input checked="" type="checkbox"/> <b>ON ADVANCE:</b> I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.		
DATE 12/19/XX	SIGNATURE OF DISBURSING OFFICER K.S. ALEX, LTC, FC	DATE 12/19/XX	SIGNATURE OF AGENT OFFICER K.D. ANDREA, CPT, FC	
<input type="checkbox"/> <b>ON RETURN:</b> I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.		<input type="checkbox"/> <b>ON RETURN:</b> THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.		
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	

DD Form 1081, MAY 75

PREVIOUS EDITION IS OBSOLETE

225/149

Figure 19-3. Sample DD Form 1081, Statement of Agent Officer's Account (Advance of Funds)

<b>STATEMENT OF AGENT OFFICER'S ACCOUNT</b>				
<b>DISBURSING OFFICER'S NAME, ADDRESS, DISBURSING STATION SYMBOL NO.</b>  K. S. ALEX, LTC, FC FORT FINANCE, IN 46216 C0001		<b>AGENT OFFICER'S NAME, GRADE, SSN, UNIT ADDRESS</b> <i>(Include ZIP Code/APO number and Telephone number.)</i> K. D. ANDREA, CPT, FC AGENT CAMP DOLLAR, IN 46032		
<b>TRANSACTIONS AFFECTING AGENT OFFICER'S ACCOUNT</b>				
TRANSACTIONS <i>a</i>	INCREASE (Received by Agent) <i>b</i>	BEGINNING BALANCE (In Agent's Account) <i>c</i>	DECREASE (Turned in by Agent) <i>d</i>	ENDING BALANCE (In Agent's Account) <i>e</i>
1. BALANCE FORWARD		17,562.00		
2. U.S. DOLLARS				
3. FOREIGN CURRENCY				
4. MILITARY PAYMENT CERTIFICATES				
5. COLLECTIONS	1,200.00			
6. DEPOSITS			702.00	
7. NEGOTIABLE INSTRUMENTS:				
A. TREASURY CHECKS				
B. MILITARY PAYMENT ORDERS				
C. OTHER (Specify)				
8. PAID VOUCHERS			3,960.00	
9. INCORRECT VOUCHERS RETURNED				
10.				
11.				
12. TOTAL FUNDS IN HANDS OF AGENT OFFICER		18,762.00		14,100.00
<b>STATEMENTS</b>				
<b>DISBURSING OFFICER</b>  <input type="checkbox"/> <b>ON ADVANCE:</b> I HAVE INTRUSTED FUNDS AND/OR OTHER ITEMS AS INDICATED IN THIS STATEMENT TO THE ABOVE NAMED AS MY AGENT OFFICER.		<b>AGENT OFFICER</b>  <input type="checkbox"/> <b>ON ADVANCE:</b> I, AS AGENT OFFICER, HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ABOVE. I HAVE ASSUMED PECUNIARY RESPONSIBILITY THEREFOR. I WILL NOTIFY THE DISBURSING OFFICER IMMEDIATELY UPON DISCOVERY OF ANY LOSS OR SHORTAGE, AND I HAVE RECEIVED AND UNDERSTAND WRITTEN INSTRUCTIONS CONCERNING MY DUTIES AND RESPONSIBILITIES AS AN AGENT OFFICER.		
DATE	SIGNATURE OF DISBURSING OFFICER	DATE	SIGNATURE OF AGENT OFFICER	
<input checked="" type="checkbox"/> <b>ON RETURN:</b> I HAVE RECEIVED FUNDS AND/OR OTHER ITEMS AS INDICATED ON THIS STATEMENT FROM THE ABOVE NAMED AGENT OFFICER.		<input checked="" type="checkbox"/> <b>ON RETURN:</b> THE ABOVE STATEMENT OF ACCOUNT IS CORRECT.		
DATE 12/21/XX	SIGNATURE OF DISBURSING OFFICER K.S. ALEX, LTC, FC	DATE 12/21/XX	SIGNATURE OF AGENT OFFICER K.D. ANDREA, CPT, FC	

DD Form 1081, MAY 75

PREVIOUS EDITION IS OBSOLETE

225/149

Figure 19-4. Sample DD Form 1081, Statement of Agent Officer's Account (Return of Funds/Vouchers)

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100		STATEMENT OF ACCOUNTABILITY	
NAME OF DISBURSING OFFICER John R. Doe, Major, USAF		LOCATION OF DISBURSING OFFICER (Mailing Address) 5090 Support Wing/ACF APO AE 09106	
NAME OF AGENCY Air Force			
PERIOD OF ACCOUNT FROM 1 Jun XX THROUGH 30 Jun XX		AGENCY LOCATION CODE (ALC) (Show main check symbol number) 6700	
SECTION I. - GENERAL STATEMENT OF ACCOUNT			
PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY			
1.00	TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		46,770.07
INCREASES IN ACCOUNTABILITY			
2.1	CHECKS ISSUED ON U.S. TREASURY	138,000.00	
2.3	OTHER TRANSACTIONS		
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS		
2.36	PAYMENTS BY ANOTHER D.O.		
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
2.39			
2.9	TOTAL INCREASES IN ACCOUNTABILITY		138,000.00
3.0	SUBTOTAL		184,770.07
DECREASES IN ACCOUNTABILITY			
4.1	NET DISBURSEMENTS	162,914.39	
4.2	DEPOSITS PRESENTED OR MAILED TO BANK	2,000.00	
4.3	OTHER TRANSACTIONS		
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
4.36	PAYMENTS FOR ANOTHER D.O.		
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
4.39			
4.9	TOTAL DECREASES IN ACCOUNTABILITY		164,914.39
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD		19,855.68
PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY			
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITORY Bank of London England (Pounds)		
	(Name and location of depository)		1417.00
6.2	CASH ON HAND (Pounds 40.80)		6,643.27
6.3	CASH - UNDEPOSITED COLLECTIONS		775.00
6.4			
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS		1,900.00
6.6	Advances to Contractors		500.00
6.7			
6.8	Payroll Cash		8,000.00
6.9			
7.1	DEFERRED CHARGES - VOUCHERED ITEMS		300.00
7.2	RECEIVABLES - CHECK OVERDRAFTS		60.00
7.3	LOSSES OF FUNDS		80.00
7.4	RECEIVABLES - DISHONORED CHECKS		30.41
7.5			
7.6			
7.7			
7.8			
7.9			
8.0	TOTAL OF MY ACCOUNTABILITY		19,705.68
PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY			
9.2	RECEIVABLES - CHECK OVERDRAFTS		50.00
9.3	LOSSES OF FUNDS		100.00
9.4	OTHER ACCOUNTABILITY		
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		150.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)		19,855.68
4.11	Gross Disbursements	177,531.25	4.14 Reimbursements 12,420.00
4.12	Refunds	196.86	4.15 Total Collections 14,616.86
4.13	Receipts	2,000.00	
I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.			
NAME AND TELEPHONE NUMBER OF CONTACT D. M. JACKSON DSN 123-4321		SIGNATURE AND TITLE OF CERTIFIER	DATE 1 Jul XX
NSN 7540-00-634-4245		(OVER)	PREVIOUS EDITION NOT USABLE 1219-106

**Figure 19-5. Sample SF 1219, Statement of Accountability**



SECTION II - SUMMARY BY SYMBOL OF CHECK AND DEPOSIT TRANSACTIONS WITH U.S. TREASURY						
PART A. - CHECKS ISSUED AND ADJUSTMENTS FOR PRIOR PERIODS *						
CHECK SYMBOL	AMOUNT OF CHECKS ISSUED THIS PERIOD	ADJUSTMENTS FOR PRIOR MONTH'S ISSUES (+ or -)				TOTAL CHECKS ISSUED + (Columns 2 + 3 and + 4)
		BY TFS FORM 5206		OTHER		
		ISSUE (Month and year)	AMOUNT	ISSUE (Month and year)	AMOUNT	
(1)	(2)	(3)		(4)		(5)
	TC 210		TC 211		TC 212	
6700	137,660.00	12/XX	50.00	2/XX	400.00	
		1/XX	(10.00)	4/XX	(100.00)	138,000.00
TOTALS!						
PART B. - SUMMARY OF DEPOSITS PRESENTED OR MAILED TO BANK (Line 4.2)						
DEPOSIT SYMBOL	DEPOSITS PRESENTED OR MAILED TO BANK THIS MONTH	DEPOSITS PRESENTED OR MAILED TO BANK IN PRIOR MONTHS BUT RECORDED IN ACCOUNTS THIS MONTH		TOTAL DEPOSITS PRESENTED OR MAILED TO BANK ^ (Column 2 + 4)		
		MONTH PRESENTED OR MAILED TO BANK	AMOUNT			
(1)	(2)	(3)	(4)	(5)		
	TC 420		TC 420			
6700	1,800.00	3/XX	.03			
		4/XX	74.97			
		5/XX	225.00			
		5/XX	(100.00)	2,000.00		
TOTALS!						

\* The totals reported in these columns must be in agreement with the corresponding amounts reported on the SF 1179.  
 + The total reported in this column must be in agreement with the total shown on Line 2.1 on the face of this statement.  
 ! For use only if more than one (1) symbol is listed.  
 ^ The total reported in this column must be in agreement with the total shown on Line 4.2 on the face of this statement.

Figure 19-5. Sample SF 1219, Statement of Accountability (Reverse)

## CHAPTER 20

ASSEMBLY AND TRANSMITTAL OF FINANCIAL REPORTS2001 GENERAL

★200101. Purpose. Every DO shall submit financial reports. The reports make up the formal accounting to the United States for all public funds received and spent. They are the basis for the official audit and settlement of accounts by the General Accounting Office. Also, the DO's financial reports provide the data from which DoD maintains its administrative accounting controls. All documents comprising the financial accounts shall be shipped under a covering DD Form 2666, Transmittal of Statements and Vouchers. The body of the DD Form 2666 shall be completed as prescribed in the following sections. The vouchers section of the DD Form 2666 is designed to accommodate a disbursing office using a single series of voucher numbers for all transactions as well as a disbursing office using a separate series of voucher numbers for each type of transaction. An example of DD Form 2666 is shown as figure 20-1.

200102. Accounting Period. DO financial reports shall be submitted on a calendar month basis (i.e., the first day through the last day of a month) except for months during which accountability begins or ends on other than the first or last day of the month. For a new disbursing office, the accounting period shall begin on the 1st day official business is transacted. When one DO relieves another, the accounting period for the relieved officer shall end on the date of relief and the accounting period for the relieving officer shall normally begin on the date of relief. However, if the relieving officer effects no disbursing transactions on the date of relief, (other than receipt of funds from the officer relieved), the beginning of the accounting period may be shown as the day following the date of relief. For the above exceptions, the first day of the accounting period shall coincide with the date of commencement of disbursing duty notification forwarded as required by chapter 02 of this Volume. For any month during which accountability ends because of deactivation of a disbursing office, the financial reports shall be submitted from the 1st day of the month through the date of deactivation. An accounting period shall

never extend beyond the end of a calendar month. Whenever possible, relief or deactivation should be effected on the last day of a month to prevent the necessity for submission of an additional set of financial reports for that month.

★200103. Distribution of Transportation Vouchers

A. Government Travel System (GTS). Transportation services purchased with contractor-issued charge cards are not subject to the GSA post-payment audit requirements of 41 C.F.R. 101-47.807. Passenger ticketing information is furnished directly by the GTS contractor to GSA. Original GTS contractor payment vouchers and supporting documents are submitted to the servicing DFAS Center (or FIPC) as prescribed in the following sections.

★ B. Non-GTS Payments for Transportation Services. Payments to contract carrier Scheduled Airlines Ticket Office (SATO) or Commercial Travel Offices (CTO) are subject to the requirements of 41 C.F.R. 101-41.807. Submit one copy of the voucher marked "Original to GSA" in the original voucher package to the servicing DFAS Center (or FIPC). Also, attach a copy to the DD Form 2666 and include with the voucher package.

C. Original Vouchers for Transportation Furnished by Foreign Carriers within Overseas Areas. Send original transportation vouchers supported by international English-language bills to GSA. Submit one copy of each voucher forwarded to GSA in the original voucher submission to the servicing DFAS Center (or FIPC). Mark each copy "Original to GSA." Original transportation vouchers other than those supported by international English-language bills are retained for on-site audit by authority of GSA. Submit one copy, of each voucher retained, in the original voucher submission to the servicing DFAS Center (or FIPC). Mark each copy "Original Retained for Audit."

★200104. Use and Distribution of Financial Reports by the DFAS Centers. The applicable DFAS Center (or FIPC) shall make an administrative examination of the financial reports. Upon completion of the examination, the DFAS Center (or FIPC) shall distribute and retain the documents as required. Original financial reports (Statement of Accountability (SF 1219) disbursement vouchers, collection vouchers, etc.) must be maintained for the statutory six-year period. These original records will be used as needed for audit and reconciliation purposes. The original records may be retained at the DFAS Center (or FIPC) or forwarded to the nearest Federal Records Center for retention as appropriate based on storage availability at the DFAS Center (or FIPC). After the six-year retention period, the original records will be destroyed.

#### 2002 SUBMISSION TO DFAS INDIANAPOLIS CENTER

200201. General. All DOs assigned to activities using DSSNs obtained from the Army shall submit their financial reports to DFAS Indianapolis Center as prescribed in this section.

#### 200202. Daily

A. Integrated Disbursing and Accounting Offices. The disbursing division shall route the original and appropriate number of copies of all collection and disbursement vouchers, together with the DD Form 2657, to the accounting division (accounting and reconciliation branch) for subsequent processing. To avoid the preparation of several additional copies, it is advisable to prepare separate vouchers for each fiscal station when charges and credits to allotments maintained by other fiscal stations are involved. DOs shall take extra precaution to ensure that all copies prepared for distribution are completely legible.

B. Non-integrated Disbursing and Accounting Offices. The original collection and disbursement vouchers shall be forwarded with the DD Form 2657 to the appropriate accounting office as soon as possible after the close of the business day. The duplicate copy shall be kept by the disbursing office. To avoid the preparation of several additional copies, it is advisable to prepare separate vouchers for each fiscal

station when charges and credits to allotments maintained by other fiscal stations are involved. DOs shall take extra precaution to ensure that all copies prepared for distribution are completely legible.

200203. Monthly. The following documents shall be submitted to support the SF 1219: a copy of the SF 1179 for the reporting period; a copy of each FMS Form 5206 reported in Section II, Part A of the SF 1219; the original of each OF 1017-G reported in Section II, Part A of the SF 1219; the memorandum copy of all SFs 215 presented or mailed to the depository during the reporting period and included in the amount reported on line 4.2 in Section I, Part A and in Section II, Part B of the SF 1219; the confirmed copy of all SFs 5515 included in the amount reported on line 4.2 in Section I, Part A and in Section II, Part B of the SF 1219; the original of all collection, disbursement, or adjustment vouchers, including SFs 1098, 1080, and 1081; the original SF 1149 for those DOs who draw checks on LDAs; and, the original and one copy of the schedule of foreign currency holdings, MPC, and U.S. dollars. Note: if the confirmed copy of an SF 215 is received from the depository in the same month in which presented, the confirmed copy shall be used to support the SF 1219. The data on the SF 1219 shall be transmitted via AUTODIN to DFAS Indianapolis not later than three calendar days after the close of the accounting period. The SF 1219 and all supporting documents for an accounting period shall be forwarded to DFAS Indianapolis within 10 calendar days after the end of the month, or within 10 calendar days after the date a DO is relieved from disbursing duty. It is also mandatory that the SF 1219 and supporting documents be forwarded on the date shown opposite the signature of the submitting DO on the face of the SF 1219. Dates shown in post office cancellation stamps, registry receipts, or carriers' receipts for private express or air express shipments shall be considered prima facie evidence of compliance or non-compliance with the shipping requirements. A DO who is delinquent in submitting accounts shall send a letter with the delayed accounts stating the specific reasons for the delay.

200204. Shipment of Accounts. Documents comprising the accounts of a CONUS DO are considered to be first-class mail matter, protected by the private express statutes, and shall be

shipped by U.S. Postal Service first-class/priority mail service. Registered mail service without return receipt shall be requested since the documents are original disbursement and collection vouchers. All shipments shall bear outside markings attesting to the number of packages in the shipment. Documents shall be packed in such a manner as to assure arrival in good condition and the size of each package should be limited to that convenient for handling. The outside of each package shall show the first and last voucher number contained therein. Each series of vouchers is to be bundled separately in sequential order, each bundle including all vouchers for the accounting period. All documents comprising the financial accounts shall be shipped under a covering DD Form 2666. Documents submitted as a part of the financial accounts which are not specifically included in the Forms or Vouchers section of the transmittal shall be listed in the spaces provided in the Forms section. In the Vouchers section, the specific types of vouchers (e.g., Reserve Component payrolls, contract and other commercial payments, civilian payrolls, travel advances, etc.) shall be listed under the Type of Transaction column and will be keyed to the voucher number series assigned.

200205. Delayed Submission of Voucher Supporting Documents. In instances when voucher attachments are to be forwarded to DFAS Indianapolis for association with original vouchers previously submitted, a rubber stamp (or typed legend) shall be affixed to each attachment in the upper right corner of the document and any pertinent data properly shown. The following information shall be shown in the legend: "Attach to Voucher No. \_\_\_\_\_, Account of \_\_\_\_\_, Month of \_\_\_\_\_, DSSN \_\_\_\_\_."

### 2003 SUBMISSION TO DFAS DENVER CENTER

200301. General. All DOs assigned to activities using DSSNs obtained from the Air Force shall submit their financial reports to DFAS Denver Center as prescribed in this section.

\*200302. Daily. Original collection and disbursement vouchers are used to prepare DD Form 2657. Sort the vouchers by appropriation or fund within the following categories for preparing DD Form 2657: receipts (collections and

decrease adjustments to general, special, and trust fund receipt accounts); reimbursements (collections and repayments of appropriation reimbursements, and collections of deposit fund accounts, including adjustments which increase or decrease collections); and, net disbursements (disbursements and appropriation refunds). After verification, send the duplicate DD Form 2657 to accounts control. Resort the original vouchers into numerical sequence by functional area. All collection vouchers shall precede disbursement vouchers. Do not intermingle disbursement and collection vouchers. Place the original vouchers in sequence in vaults or safes if space permits. While the vouchers are stored they may be removed to make corrections or add supporting documents. Do not change the accounting classification or amount on any original for-others vouchers if the accountable station copy has been mailed. If a correction is made on a voucher, correct or adjust all voucher copies and all records affected. To ensure this is done, reverify all posting for the date of the voucher. The reverification may be confined to the appropriations involved, however, recheck all transactions for those appropriations in all fund and cash records. Since a lost original voucher could result in a DO loss of funds, access to these vouchers shall be controlled. The DO is responsible for adopting receipt-type controls that will assure no vouchers are lost and that all vouchers are returned in time for shipment to DFAS Denver or other designated locations. Vouchers shall be prepared in the number of copies needed for distribution prescribed for the type of transaction. At a minimum, prepare two copies of each voucher. A duplicate copy of each voucher shall be returned to the applicable functional area to record and support entries in the appropriate accounting records. The functional area will retain disbursement/collection voucher copies for the current and one prior fiscal year. Additional copies are furnished to other functional areas when the type of voucher transaction involves those areas.

### 200303. Monthly

A. SF 1219, Statement of Accountability. Each DO shall prepare an SF 1219 in an original and two copies for each accounting period. The SF 1219 is submitted as an integral part of the Air Force RCS:HAF-ACF(M)7113 Report. The original and duplicate are forward-

ed to accounts control for transmission to DFAS Denver via AUTODIN. The original SF 1219 and supporting schedules and papers are forwarded to DFAS Denver on the date shown opposite the signature of the DO in the certificate on the face of the SF 1219. Do not hold for shipment on a later date unless the SF 1219 in question is a final report. Reports for DOs relieved before the end of month are submitted at the end of the month with the reports of the successor. Failure to comply with submission requirements causes to DO to be declared delinquent in the submission of accounts. The above submission requirements govern without exception and apply whether the end of the accounting period falls on the last day of the month or before and pertain to all DOs. In addition to the certification date of the SF 1219, DFAS Denver considers dates shown in post office cancellation stamps and registry receipts, and in carrier's receipts for railway express and air express shipments, as prima facie evidence of compliance or non-compliance with the forwarding requirements. Each DO delinquent in rendering accounts shall send a letter with the belated account stating specifically the reasons for the delay in submission.

B. Vouchers. Remove all original vouchers from storage at the end of each month for submission to DFAS Denver. Before packaging, inventory the vouchers to ensure: (1) no vouchers are missing; (2) unused and duplicate voucher numbers are accounted for; (3) agent vouchers are cross-referenced; and (4) vouchers are in numerical sequence by functional area. When the documents are shipped, all collection vouchers shall precede disbursement vouchers.

C. Shipment of Documents. The original vouchers shall be shipped by registered mail to DFAS Denver by the sixth workday following the month being reported. If registered mail results in circuitous routing or otherwise takes longer than three weeks to arrive at DFAS Denver, the DO shall explore other methods of shipment, considering comparative costs and safety factors. The DO shall send a written request for approval of a fully described alternate shipping method. All documents comprising the financial accounts shall be shipped under a covering DD Form 2666. Documents which are not specifically included in the Forms or Vouchers section of the transmittal shall be listed in the spaces provided in the Forms section. In the

Vouchers section, list the specific type of vouchers (e.g., military pay, civilian pay, commercial services, material, travel, etc.) by functional area in the Type of Transaction column.

D. Delayed Submission of Supporting Documents. Mail to DFAS Denver any documents (certificates, advice of collections, purchase orders, etc.) which support vouchers or SFs 1219 previously shipped to DFAS Denver. Place a rubber stamp imprint and date forwarded to DFAS Denver on the face of each document and on the face of the retained copy. Prepare a separate cover sheet for each showing the following information: "Attach to voucher no: (voucher number); Month: \_\_\_\_; DSSN \_\_\_\_; Date forwarded to DFAS Denver: \_\_\_\_." NOTE: If a document is to support the SF 1219 instead of a voucher, modify voucher number to read "SF 1219."

#### 2004 SUBMISSION TO DFAS KANSAS CITY CENTER

200401. General. All DOs assigned to activities using DSSNs obtained from the Marine Corps shall submit their financial reports to DFAS Kansas City Center as prescribed in this section.

200402. Daily. At the end of each business day, the DD Form 2657 is prepared using the collection and disbursement vouchers processed that day. After completion and balancing of DD Form 2657, the financial information is electronically transmitted to DFAS Kansas City. The original vouchers and documents are stored in the vault or safe until the end of the month.

200403. Monthly. DFAS Kansas City shall receive all financial reports by the close of business on the second working day of each month. Consolidated financial reports for the Marine Corps shall be forwarded to DFAS Kansas City for incorporation into the Department of the Navy reports. In an effort to accelerate transmission of data to DFAS Kansas City, the Marine Corps Data Network (MCDN) shall be used for transmitting financial data by bulk transfer. Closeouts shall be conducted on the last business day of the month. This requires close coordination between disbursing, data processing officers, and commanders to ensure the timely transmission of DO financial reports within established timeframes. The distribution of original docu-

ments and required copies comprising the financial reports is shown in table 20-1. In addition, deployed DOs shall submit a message report on the first workday following the end of the reporting period to summarize the disbursement and collection transactions for the month. If operation MINIMIZE on message traffic is in effect, the report shall take precedence over MINIMIZE and shall be transmitted as required.

A. Relief of DO. When a change in DOs is effected on other than the last day of a month, the message report shall be submitted as prescribed in the following subparagraphs.

1. The relieved DO shall render the message report no later than the first workday following the date of relief. The report shall include all transactions for which the relieved DO is accountable from the first day of the reporting period through the date of relief. The report shall also contain a statement identifying the relieving DO and that the relieving DO will submit a further report at the end of the reporting period.

2. The relieving DO shall render the message report on the first workday following the end of the reporting period. The report shall include only the transactions from the date disbursing duty commenced through the end of the reporting period. The report shall contain a statement identifying the DO relieved and that the relieved DO reported partial month transactions that are not included in the instant report.

B. Preparation of Message Report

1. Disbursements and Collections. The message report is entitled "DISBURSEMENTS AND COLLECTIONS" and is the basis for reporting to the Treasury the net of disbursements by appropriation and subhead (if any). Transactions shall be reported by category code, appropriation and subhead (if any), and if appropriate, by program element/budget project and/or reimbursement source code, and amount (DO NOT ROUND OFF). Category codes for this purpose are shown below. The net total of category codes 1 through 4 must equal the total net disbursements reported for line 4.1 of the message and the amount reported on line 4.1 of Section I, Part A, of the hard copy SF 1219.

<u>Code</u>	<u>Category</u>
1	travel vouchers
2	civilian rolls
3	military rolls
4	all other vouchers

C. Report Format. At least three spaces shall separate each column (or sub-column) in the body of the message. The report shall be submitted in a format similar to that shown by figure 20-2.

D. Assembly of Advance Reports. Copies of collection and disbursement vouchers and military payrolls required to be submitted with the advance financial reports shall be filed in separate folders (annotated to indicate contents) by groups, as follows: Army and Air Force disbursement vouchers and military payrolls; Navy appropriations, transaction type codes for stores or plant property; collection vouchers; and, all other types of vouchers.

E. Assembly of Original Documents. DOs shall submit original vouchers and payrolls in numerical sequence by groups as follows: collection vouchers; travel vouchers; civilian payrolls; military payrolls; and, all other vouchers.

F. Packaging. Place copies of documents and vouchers in separate folders from the originals when packaging the original and advance returns. The SF 1219 and supporting schedules and reports shall be attached securely and placed in separate folders from the vouchers, payrolls, and pay receipts. Individual cash receipts shall not be fastened to payrolls but shall be placed in envelopes which shall be annotated to reflect the contents with appropriate identifying information. Each folder shall be briefed to show a descriptive notation as to the type of vouchers; the name and rate/rank of the DO; DSSN; and, the accounting period.

G. Mailing. Mail advance reports by the second workday of the month following the end of the accounting period. Mail the original reports as soon as possible, but no later than the fifth workday of the month following the accounting period. All documents comprising the financial accounts shall be shipped under a



covering DD Form 2666. Documents submitted as a part of the financial accounts which are not specifically included in the Forms or Vouchers section of the transmittal (e.g., schedule of deposit activity, foreign currency report, civilian payroll certification sheets, payrolls, etc.) shall be listed in the spaces provided in the Forms section. In the Vouchers section, list the inclusive disbursement and collection vouchers numbers.

200404. Transmittal of Subsequent Information and Outstanding Vouchers. Vouchers or explanation in voucher form required to complete an account, which were not available when original reports were forwarded, shall be forwarded as soon as possible. Each voucher or explanation shall be forwarded with a cover sheet containing a brief description of the document or explanation. The voucher number; date; DO's name; DSSN; and, accounting period to which it pertains shall be identified on each document or explanation forwarded.

2005 SUBMISSION TO DFAS CLEVELAND CENTER THROUGH A DESIGNATED FINANCIAL INFORMATION PROCESSING CENTER

200501. General. DOs assigned to activities using DSSNs obtained from the Navy shall submit their financial reports to DFAS Cleveland Center through a designated Financial Information Processing Center (FIPC) as prescribed in the following paragraphs. The transactions of all DOs shall be consolidated into the accounts and reports of the disbursing officer (also known as Central Disbursing Officer (CDO)) serving the specifically designated FIPCs by means of daily and monthly reports transmitted to the CDO with the supporting vouchers, payrolls, schedules, etc., as may be required. This consolidation permits prompt reporting of financial transactions and utilizes the mechanized facilities available in the FIPCs. The DOs of the following FIPCs have been designated as CDOs: Defense Accounting Office, Norfolk, VA (formerly Fleet Accounting and Disbursing Center, U.S. Atlantic Fleet, Norfolk); Defense Accounting Office, San Diego (formerly Fleet Accounting and Disbursing Center, U.S. Pacific Fleet, San Diego); Defense Accounting Office, Oakland, CA (formerly Naval Supply Center (NSC), Oakland); NSC, Pearl Harbor, HI; Defense Accounting Office, Great Lakes, IL (formerly Navy Regional Finance Center (NRFC), Great Lakes); Defense Account-

ing Office, Arlington, VA (formerly NRFC, Washington); Defense Accounting Office, Port Hueneme, CA (formerly Naval Construction Battalion Center (CBC), Port Hueneme); Defense Accounting Office, Pensacola, FL (formerly FIPC, Pensacola); and Defense Accounting Office, New Orleans, LA (formerly Reserve Financial Processing Center, New Orleans).

200502. Submission of Vouchers on a Daily Basis. Non-tactical DOs in the continental United States and in Hawaii shall submit financial reports daily to the designated CDO of the FIPC serving the area in which the DO is located. In certain circumstances, DFAS Cleveland Center may direct other DOs to submit daily reports to a specified CDO. All collection and disbursement vouchers (including payrolls) and copies required to be included in the financial reports shall be forwarded to the applicable CDO by mail on a daily basis. Other documents as required shall be submitted with the SF 1219 at the end of the accounting period. Daily collection and disbursement vouchers shall be accompanied by the original DD Form 2657 and adding machine tapes showing the total amount of each voucher and the total of all vouchers transmitted. Separate adding machine tapes shall be prepared for each of the following types of vouchers: public vouchers; military payrolls; civilian payrolls; and, collection vouchers. In order to better spread the monthly workload of the FIPCs over the entire month and to expedite final reporting of financial transactions, the following disbursing activities shall also submit financial reports daily.

A. To Director, Defense Accounting Office, Financial Information Processing Center, Code FF25, Bldg. 132, Norfolk, VA 23511-6096.

5760	U.S. Navy Personnel Support Activity Detachment, Roosevelt Roads, Puerto Rico
5792	U.S. Navy Personnel Support Activity Detachment, Rota Spain
6061	U.S. Navy Personnel Support Activity Detachment, Keflavik, Iceland
7150	U.S. Navy Personnel Support Activity Detachment, Guantanamo Bay, Cuba
7182	U.S. Navy Personnel Support Activity Detachment, Bermuda
7200	U.S. Navy Personnel Support Activity Detachment, London, United Kingdom

- 7475 U.S. Navy Personnel Support Activity Detachment, Sigonella, Sicily
- 7668 U.S. Navy Personnel Support Activity Detachment, Naples, Italy

B. To Director, Defense Accounting Office, Financial Information Processing Center, Code FS2-2, 937 North Harbor Drive, San Diego, CA 92132-5111.

- 6140 U.S. Navy Personnel Support Activity, Guam
- 6870 U.S. Navy Personnel Support Activity Far East, Yokosuka, Japan
- 6999 U.S. Navy Personnel Support Activity Detachment, Adak, Alaska
- 7053 U.S. Navy Regional Contracting Center, Singapore
- 7518 U.S. Navy Personnel Support Activity Detachment, Sasebo, Japan
- 7595 Military Sealift Command Far East, Yokohama, Japan
- 7667 U.S. Navy Personnel Support Activity Detachment, Okinawa, Kadena, Japan

200503. Reports Rendered Daily. The DD Form 2657 shall be prepared in duplicate as prescribed in chapter 19 of this Volume as a summary of all daily transactions and a report of balances at the end of each business day. The original shall be certified by the DO. The DD Form 2657 and original vouchers with supporting documents (public vouchers, military and civilian payrolls, collection vouchers, etc.) shall be delivered to the CDO by hand or placed in the mail not later than the first working day following the date on which the transactions occurred. The DD Form 2657 and supporting documents shall not be accumulated for several days for forwarding at one time. However, it is not necessary to prepare DD Form 2657 for days on which there are no transactions. On the first DD Form 2657 prepared following the day(s) on which no transactions occurred, the notation "No business on (dates)" shall be indicated at the top of the form. On the last business day of an accounting period, a complete DD Form 2657 shall be prepared and submitted. The last DD Form 2657 for the month shall be marked "FINAL DD Form 2657 FOR MONTH OF (insert month)." Table 20-2 is provided to show the daily distribution and transmittal of documents to the CDO. Each daily DD Form 2657 and all supporting documents shall be shipped under a covering

DD Form 2666. Documents submitted as a part of the daily financial reports which are not specifically included in the Forms or Vouchers section of the transmittal (e.g., the DD Form 2657, payroll numbers, payroll certification sheets, etc.) shall be listed in the spaces provided in the Forms section. In the Vouchers section, list the inclusive disbursement and collection vouchers numbers.

200504. Reports Rendered Monthly. All DOs shall forward monthly financial reports on the first workday following the close of the accounting period. Reports which have been completed on the first workday after the close of the accounting period shall not be considered late or delinquent if a delay is caused by the lack or inadequacy of postal or shipping facilities. If the reports are not completed on the first workday after the close of the period, a written explanation of the delay shall be furnished with the reports.

A. By DOs Required to Submit Daily Reports. All reports and supporting documents required to be rendered monthly as indicated in table 20-2 shall be delivered by hand or placed in the mail not later than the 1st working day following the close of the accounting period. If the end of the month reports are mailed, they shall be mailed so as to be postmarked not later than the 1st working day of the succeeding month rather than merely placed in station mail channels by that date. If the DO encounters any delay in transmitting month-end reports, the DO shall telephone the CDO to advise of the delay. Arrangements should then be made to ensure inclusion of the DO's transactions in the CDO's reports. All documents comprising the month-end reports shall be shipped under a covering DD Form 2666. Documents which are not specifically included in the Forms or Vouchers section of the transmittal (e.g., the DD Form 2657 for the last business day of the month, payroll numbers, schedule of deposit activity, foreign currency report, civilian payroll certification sheets, etc.) will be listed in the spaces provided in the Forms section. In the Vouchers section, list the disbursement and collection voucher numbers.

1. SF 1219, Statement of Accountability. Except as provided herein, the DO shall prepare and certify the SF 1219 in the manner prescribed in chapter 19 of this Volume.



The SF 1219 shall be prepared in triplicate. The words "For inclusion in the consolidated account of (insert name of CDO and CDO's DSSN)" shall be inserted in the upper right corner. The original and one copy shall be forwarded to the CDO and one copy shall be retained by the DO.

2. Check Issue Reports. The check issue reports of DOs shall be submitted as prescribed in chapter 09 of this Volume based on the type of submission capabilities available to the DO (level 8 magnetic tape directly to the Treasury; diskette to the CDO for conversion to tape; or, paper to the CDO for conversion to tape).

3. Navy Industrial Fund Summary Schedules. DOs at industrial-commercial activities shall prepare a summary schedule of disbursements and a summary schedule of collections for the Navy Industrial Fund account of the activity. The summary schedules shall be prepared on letterhead. In preparing the summary schedules, only the beginning and ending Navy Industrial Fund voucher or collection document numbers and total amount shall be shown. Listing of individual vouchers and names of payees and remitters is not required. The summary schedule of collections shall include all collection documents covering credits to the Navy Industrial Fund account of the activity including SFs 1096 and 1098. A recapitulation shall be made on the summary schedule of collections to show amounts received by voucher deductions, canceled checks, and other collections. The original and one copy of each consolidated schedule shall be forwarded to the CDO with the SF 1219 and disbursement and collection vouchers.

B. By DOs Assigned to Naval Vessels and Tactical Units.

1. General. All DOs assigned to Naval vessels and tactical units shall submit financial reports on a monthly basis to the Defense Accounting Office at Norfolk, VA or San Diego, CA (based on home port of the vessel or unit). The distribution and packaging of required documents comprising the monthly financial reports of DOs (except those DOs required to submit financial reports on a daily basis) are shown in table 20-3. All documents comprising the financial accounts shall be

shipped under a covering DD Form 2666. Documents submitted which are not specifically included in the Forms or Vouchers section of the transmittal (e.g., schedule of deposit activity, foreign currency report, civilian payroll certification sheets, payroll numbers, etc.) will be listed in the spaces provided in the Forms section. In the Vouchers section, list the disbursement and collection voucher numbers.

2. Assembly

a. General. Separate and package the documents as prescribed in the distribution directions shown in table 20-3. In preparing the reports for forwarding, documents shall be grouped, unfolded and flat, and arranged in packages as indicated below. Each package shall be numbered serially and appropriately labeled as to contents. Packaging material may be any of the following or their equivalent, dependent on the number of documents to be included in each package: heavy envelopes; folders (envelopes or wallet type); or, cardboard backings with the package tied together with cord or tape.

b. Original Documents (Package No. 1). This package shall contain the original and 1 copy of the SF 1219 and supporting documents (pay receipts shall be packaged separately). The SF 1219 and supporting documents shall be grouped in the following sequence: SF 1219; SFs 215 and 5515; collection vouchers; Navy payrolls and money lists; Marine Corps payrolls and money lists; disbursement vouchers; SF 1179; foreign currency certificates (see chapter 13 of this Volume); civilian payroll certification sheets; and, civilian labor roll summary. All collection and disbursement vouchers shall be grouped by each type with separate adding machine tapes. Within each group, the vouchers shall be arranged in numerical sequence by voucher number. Tapes for collections and disbursements shall be prepared and the totals shall be verified with the SF 1219 to ensure the completeness of the package. The tapes shall be marked and attached to the original SF 1219.

c. Copies (Package No. 2). A separate package shall be used for copies of documents as shown in table 20-3.

d. Civilian Pay Receipt Packages. Pay receipts shall be arranged in order of their appearance on the civilian payroll, and shall be packed in a separate package appropriately identified for each civilian payroll.

3. Packing. The DO financial reports shall be packed in a manner consistent with their bulk and the conditions under which shipment is made. When practicable, the reports shall be forwarded in one parcel or box. Heavy cardboard boxes provide ample protection and shall be used except when the additional protection of wooden boxes may be required on shipments from overseas or if rough handling of the boxes in transit may be expected. If reports are forwarded in several boxes, each shall be assigned a number and marked to indicate the number of boxes shipped and the number of the box, such as "No. 1 of 3." Each parcel or box shall be marked in the upper left corner with the name of the DO, DSSN, station, and department concerned. Under this information shall be shown "Financial reports for (insert month and year)."

4. Shipment. When not in excess of weight and size limitations imposed by the U.S. Postal Service, reports may be forwarded by mail. DOs submitting reports to an FIPC shall forward reports by this method unless it has been proven unreliable or unduly slow in the past. In the upper left corner, under the return address, all mailing covers shall bear the printed statement "Official business." To avoid customs inspection delays, reports from overseas and deployed DOs shall have the following information prominently displayed on the outer wrapper of the reports: "Government Financial Reports Due in (insert city, state) by (insert date). Please Expedite." The use of registered or certified mail for the transmittal of financial reports is not required. When the U.S. Postal Service cannot be employed, due to size or weight limitations imposed, other transportation media may be employed as prescribed in the Naval Supply Systems Command Manual.

5. Submission of Financial Reports to the Navy Supply Corps School. Annually, DOs assigned to Naval vessels shall submit a copy of the SF 1219 and SF 1179 prepared to cover the accounting period ending 30

September to the Navy Supply Corps School (424), Athens, GA 30601.

200505. Transmittal of Subsequent Information and Outstanding Vouchers. Vouchers or explanation in voucher form required to complete an account, which were not available when original reports were forwarded, shall be forwarded as soon as possible. Each voucher or explanation shall be forwarded with a cover sheet containing a brief description of the document or explanation. The voucher number, date, DO's name, DSSN, and accounting period to which it pertains shall be identified on each document or explanation forwarded.

200506. Special Accountability Reports

A. General. All DOs assigned to Naval vessels, tactical units, and, overseas non-tactical disbursing offices who submit financial reports to the DFAS Cleveland Center through DAO, FIPC Norfolk or San Diego shall submit a message report SF 1219 and schedule of disbursements and collections as prescribed herein. Negative reports are required. The message report shall be submitted on the first workday following the end of the reporting period. If operation MINIMIZE on message traffic is in effect, the report shall take precedence over MINIMIZE and shall be transmitted as required.

B. Relief of DO. When a change in DOs is effected on other than the last day of a month, the message report shall be submitted as prescribed in the following subparagraphs.

1. The relieved DO shall render the message report no later than the first workday following the date of relief. The report shall include all transactions for which the relieved DO is accountable from the first day of the reporting period through the date of relief. The report shall also contain a statement identifying the relieving DO and that the relieving DO will submit a further report at the end of the reporting period.

2. The relieving DO shall render the message report on the first workday following the end of the reporting period. The report shall include only the accountability assumed from the relieved DO and the transactions from the date disbursing duty commenced through

the end of the reporting period. The report shall contain a statement identifying the DO relieved and that the relieved DO reported partial month transactions that are not included in the instant report.

C. DO Temporarily Ceases to Transact Business. Under certain circumstances such as overhaul or emergency repairs, DOs assigned to Naval vessels may be required to temporarily discontinue processing disbursement and collection transactions. Generally, the DO shall make arrangements for a nearby non-tactical DO to process these transactions (including payrolls) during the overhaul or repair period. This action does not close the DSSN and the DO shall continue to prepare and submit all required reports including the message report. When a DO temporarily ceases to transact business, but does not close the disbursing account, the message report shall be submitted as prescribed in the following subparagraphs.

1. Immediately upon transfer of disbursement and collection transaction responsibility to a non-tactical DO, the transferring DO shall submit the disbursements and collections portion of the message to report all disbursement and collection transactions performed from the first day of the reporting period through the date of transfer. The report shall identify the period for which the report is made. The report shall also identify the DSSN of the disbursing office to which the work is transferred and include an estimate as to when processing of disbursement and collection transactions is anticipated to resume.

2. On the first workday following the end of the reporting period during which the responsibility for disbursement and collection transactions is transferred, the DO shall prepare the Statement of Accountability portion of the report in the usual manner. The disbursements and collections portion of the report shall be negative and shall contain a statement referencing the message report submitted in compliance with the preceding subparagraph.

3. For each succeeding month until disbursing operations are resumed, the DO shall continue to submit the message report. The Statement of Accountability portion shall report the DO's accountability to the Treasury and the

disbursement and collection portion shall be negative.

4. Immediately upon resuming disbursing operations, the DO shall notify the appropriate FIPC by message of the date operations are resumed and the DSSN of the disbursing office from which the responsibility was retrieved (if different from the initial DSSN to which transferred).

5. Non-tactical DOs who receive or transfer disbursement and collection transaction responsibility as described in the preceding subparagraphs shall immediately notify the appropriate FIPC by message of the date and DSSN of the disbursing office from or to which the responsibility is received or transferred.

D. Preparation of Message Report SF 1219

1. Statement of Accountability. The portion of the message entitled "STATEMENT OF ACCOUNTABILITY" reports the DO's accountability for the month. After DD Form 173/2, Joint Message Form is typed and again immediately after the message has been transmitted, the DO shall review and balance the report to ensure there are no errors and that it agrees with the hard copy SF 1219. Normally the message report is used by the FIPC as the basis for subsequent reporting to the Treasury, therefore once a properly balanced message report has been transmitted, no subsequent changes to the message report are permissible unless specifically authorized by the appropriate FIPC. The hard copy SF 1219 submitted for the reporting period shall agree with the message report transmitted. If any change (another deposit, disbursement, or collection voucher, etc.) is discovered after a balanced message report has been transmitted, DOs shall not include those changes in the hard copy SF 1219, but shall report them in the next month's financial report. Any lines with zero dollar values shall be omitted. **DO NOT ROUND OFF ANY FIGURES.**

- a. Transactions During Period Affecting Accountability. Normally, only lines 1.00, 2.1, 4.1, 4.2, and 5.00 (including ending foreign currency balances, if any) from Section I, Part A of the hard copy SF 1219 will be reported. However, lines 2.37 and 4.37 of the hard copy SF

1219 shall be included in the report in all cases where DOs at non-tactical overseas disbursing offices are authorized to use lines 2.37 and 4.37 on the hard copy SF 1219.

b. Analysis of Incumbent Officer's Accountability. From Section I, Part B of the hard copy SF 1219, report each line number used (including foreign currencies held, if any).

c. Analysis of Predecessor Officer's Accountability. From the hard copy SF 1219, Section I, Part C, DOs at non-tactical overseas disbursing offices shall report each line number used. DOs assigned to tactical units and Naval vessels shall report only line 11.0 from this section of the SF 1219.

d. Checks Issued and Adjustments for Prior Periods. From the hard copy SF 1219, Section II, Part A, report detailed data by column number. Adjustment month and year of issue shall be shown as YYMMDD (e.g., issue of May 1993 shall be shown as 930500). Minus amounts of adjustments shall be shown in parentheses (e.g., minus adjustment of \$2.00 shall be shown as (2.00)). The total reported for Column (5) shall equal the amount reported for line 2.1 of the message and the amount reported on line 2.1 of Section I, Part A of the hard copy SF 1219.

e. Deposits Presented or Mailed to Bank. The message portion of Section II, Part B shall be in columnar form with headings for: deposit ticket or debit voucher (DT/DV); document number (NUMBER); date presented or mailed to bank (DATE PRESENTED/MAILED TO BANK); and, amount (AMOUNT). SFs 215 and SFs 5515 shall be listed without regard to prior month or current month. Each SF 215 shall be listed by identity (DT), document number (block 1 of SF 215), date presented or mailed (block 2 of SF 215), and amount (block 4 of SF 215). Each SF 5515 shall be listed by identity (DV), document number (block 1 of SF 5515), document date (block 2 of SF 5515), and amount (block 4 of SF 5515). Dates shall be shown as YYMMDD (e.g., a deposit presented on January 18, 1993 shall be shown as 930118). Debit amounts shall be shown in parentheses (e.g., a debit voucher for \$250.00 shall be shown as (250.00)). The total of all

deposits presented or mailed, minus all debit vouchers shall equal the amount reported for line 4.2 of the message and the amount reported on line 4.2 of Section I, Part A, of the hard copy SF 1219.

2. Disbursements and Collections. The message report portion entitled "DISBURSEMENTS AND COLLECTIONS" is the basis for reporting to the Treasury the net of disbursements by appropriation and subhead (if any). Transactions shall be reported by category code, appropriation and subhead (if any), and if appropriate, by program element/budget project and/or reimbursement source code, and amount (DO NOT ROUND OFF). Category codes for this purpose are shown below. The total of category codes 1, 4, and 6 minus the total of codes 7 and 8 shall equal the total net disbursements reported for line 4.1 of the message and the amount reported on line 4.1 of Section I, Part A, of the hard copy SF 1219.

<u>Code</u>	<u>Category</u>
1	public vouchers
4	military payrolls
6	civilian payrolls (list payroll UIC number on reference line of message report)
7	collections not covered under code 8
8	collections from ship's stores deployed in foreign waters (applicable to Naval vessels that have visited or will visit at a foreign port during a tour).

E. Report Format. At least three spaces shall separate each column (or sub-column) in the body of the message. The report shall be submitted in the format shown by figure 20-2.

Document or Voucher	Original Reports	Advance Reports	Retain
SF 1219	Original	1 copy	1 copy
SF 215	Confirmed copy	None	1 copy
SF 1184	None	Copy D	1 copy
SF 5515	None	Confirmed copy	1 copy
Schedule of Deposit Activity	Original	1 copy	1 copy
SF 1179	1 copy	1 copy	1 copy
Schedule of Collections	Original	None	1 copy
Collection Vouchers			
Army	Original	1 copy	1 copy
Air Force	Original	2 copies	1 copy
Coast Guard	Original	1 copy	1 copy
DoD	Original	1 copy	1 copy
Marine Corps	Original	1 copy for: 17X6001; 20X6133; 24X8135; 97X4930.NC2; 97X4930.NA1G; 97X4930.NA3J; 97X4930.NH3A; 17X4913	1 copy
Navy	Original	None	1 copy
Schedule of Disbursements	Original	None	1 copy
Certification of Revaluation of Foreign Currency	Original	1 copy	1 copy
Military Pay Vouchers			
Army	Original	1 copy	1 copy
Air Force	Original	2 copies	1 copy
Navy	Original	None	1 copy
Marine Corps	Original	None	1 copy
Coast Guard	Original	1 copy	1 copy
Military Payroll Money List (Army, Navy, Air Force, Marine Corps, Coast Guard)	Original	None	1 copy
Disbursement Vouchers			
Army	Original	1 copy	1 copy
Air Force	Original	2 copies	1 copy
DoD	Original	1 copy	1 copy
Marine Corps	Original	1 copy (M account)	1 copy
Navy	Original	1 copy (M1804)	1 copy
Coast Guard	Original	1 copy	1 copy
Civilian Payroll Certification Sheet	Original	None	1 copy
Civilian Labor Roll/Material Charges and Credits	Original	None	1 copy

Table 20-1. Distribution of Documents (Marine Corps)

Document or Voucher	Number Prepared or Received	Daily to CDO	First of Month to CDO	Retain
DD Form 1149	4 copies	3 copies		1 copy
Labor Roll/Material Charges and Credits	Original + 2		Original + 1	1 copy
Navy Bill (for collections)	4 copies	3 copies		1 copy
DD Form 2657	Original + 1	Original		1 copy
Payroll for Personal Services	Original + 1	1 copy		Original
DD Form 397	Original + copies required by Vol. 7 of this Regulation	Original + copies as required by CDO; 1 copy to payee		1 copy
Military Pay Voucher	As required by Vol. 7 of this Regulation	As required by COD and Military Pay Center		1 copy
Military Payroll Money List	As required by Vol. 7 of this Regulation	As required by COD and Military Pay Center		1 copy
SF 215	Original + 4		Memorandum and/or confirmed copies	Agency copy
SF 5515	2		Confirmed copy	Memorandum copy
Schedule of Deposit Activity	Original + 2		Original + 1	1 copy
Summary Schedule of NIF Charges				
Disbursement Vouchers	Original + 2		Original + 1	1 copy
Civilian Rolls	Original + 2		Original + 1	1 copy
SF 1034	Original + 4	Original + 2 1 copy to payee		1 copy
SF 1164	Original + 4	Original + 2 1 copy to payee		1 copy
DD Form 1131 (or other collection vouchers)				
Navy appropriations	Original + 4	Original + 3		1 copy
Army and Air Force appropriations	Original + 4 or more	Original + 2 or more		1 copy
SF 1080				
Disbursements	Original + 4	Original + 2 1 copy to payee		1 copy
Collections	4 copies	3 copies		1 copy
SF 1098	Original + 4	Original + 3		1 copy
SF 1075	Original			Original

Table 20-2. Distribution of Documents for Navy DOs Reporting Daily

Document or Voucher	Number Prepared or Received	Daily to CDO	First of Month to CDO	Retain
SF 1096	Original + 5	Original + 4		1 copy
DD Form 592	Original + 3	Original + 2		1 copy
SF 2812 and supporting SF 2812A	3 copies	2 copies		1 copy
SF 1219	Original + 2		Original + 1	1 copy
SF 1179	Original + 2		Original to Treasury 1 copy to CDO	1 copy
Record of Checks Issued	Original + 1		Original to Treasury	1 copy
IRS Form 941	Original + 1		Original to IRS quarterly	1 copy
Report of Collections Crediting Army or Air Force Appropriations	Original + 3	Original + 2		1 copy
Report of Status of Suspense Account	Original + 2		Original + 1	1 copy
DD Form 1351 series	Original + 4	Original + 2 1 to payee		1 copy
Rations and Sales Report	4 copies	3 copies		1 copy
Active Duty for Training Pay Voucher			As required by Vol. 7 of this Regulation	1 copy
Active Duty for Training Money List			As required by Vol. 7 of this Regulation	1 copy

Table 20-2. Distribution of Documents for Navy DOs Reporting Daily (Continued)

Document or Voucher	Package No. 1	Package No. 2	Retain
SF 1219	Original + 1 copy	none	1 copy
SF 215	Memorandum or confirmed copy	none	Agency copy
SF 5515	Confirmed copy	none	Memorandum copy
Schedule of Deposit Activity	Original + 1	none	1 copy
SF 1080	1 copy	none	1 copy
DD Form 1149	1 copy	none	1 copy
SF 1098	Original	1 copy	1 copy
DD Form 1131	Original	1 copy	1 copy
SF 1034	Original	1 copy	1 copy
Rations and Sales Report	1 copy	1 copy	1 copy
DD Form 592	Original	1 copy	1 copy
SF 2812 and supporting SF 2812A	2 copies	1 copy	1 copy
Labor Roll/Material Charges and Credits	Original	none	1 copy
Certificate of Revaluation of Foreign Currency	Original	none	1 copy
Certified Accepted Bid (procurement of foreign currency)	1 copy	none	Original
Military Pay Voucher	Original	none	1 copy
Military Payroll Money List	Original	none	1 copy
Civilian Payroll Certification Sheets	Original	none	1 copy
DD Form 1351 series disbursement vouchers	Original	2 copies	1 copy
Collection Vouchers crediting Army, Air Force, or Coast Guard appropriations	Original	3 copies	1 copy
Disbursement Vouchers charging Army, Air Force, or Coast Guard appropriations	Original	2 copies	1 copy
All other collection and disbursement vouchers	Original	2 copies	1 copy
SF 1179	1 copy	none	1 copy

★Table 20-3. Distribution of Documents for Navy DOs Reporting Monthly



DD Form 2666, AUG 93

**Figure 20-1. Sample DD Form 2666, Transmittal of Statements and Vouchers**

DD Form 2666, AUG 93 (Back)

379

FROM: PERSUPPDET LIVERPOOL UK  
TO: FIPC NORFOLK VA (OR FIPC SAN DIEGO CA)

UNCLAS //N07250//

SUBJ: STATEMENT OF ACCOUNTABILITY AND DISBURSEMENTS AND COLLECTIONS

SYMBOL 7007, DISBOFF E. DELACRUZ  
PASS TO CODE FF 32 (OR CODE PS 3)  
PERIOD OF ACCOUNT 1 MAR XX THRU 31 MAR XX

1. STATEMENT OF ACCOUNTABILITY:

SECTION I, PART A

1.0		10,000.00
2.1	8,000.00	
4.1	7,500.00	
4.2	3,000.00	
5.0	(2,550.00 FOREIGN FUNDS)	7,500.00

SECTION I, PART B

6.1	BANK OF SCOTLAND (U.K. POUNDS)	900.00
6.2		700.00
6.3		500.00
6.5		1,200.00
6.7	FUNDS IN TRANSIT	850.00
6.8	CASH HELD FOR PAYMENT (500.00 FOREIGN FUNDS)	2,100.00
7.1		100.00
7.4		200.00
7.9	FOREIGN CURRENCY DEPOSIT	950.00
8.0		7,500.00

SECTION I, PART C

11.0		7,500.00
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SECTION II, PART A

(1)	(2)	(3)	(4)	(5)
7007	8,010.00	XX0600	(10.00)	8,000.00

SECTION II, PART B

DT/DV	NUMBER	DOC. DATE	DATE PRESENTED/ MAILED TO BANK	AMOUNT
DT	123456	XX0304	XX0305	825.00
DT	123457	XX0308	XX0309	285.00
DT	123458	XX0310	XX0311	750.00
DV	64532	XX0211		(50.00)
DT	123459	XX0322	XX0323	675.00
DT	123460	XX0329	XX0330	795.00
DV	43572	XX0224		(280.00)
				3,000.00

2. DISBURSEMENTS AND COLLECTIONS

CODE	APPN/SUB	PROG ELE/ BUD PROJ	REIM SOURCE	AMOUNT
1	1751453.2201			500.00
1	1751319.2456	39		550.16
1	1751804.602B			2,580.23
4	1751453.2201			3,260.00
1	1751453.2202			3,850.00
6	1751804.1190			124.77
6	1751319.2458	39		2319.84
	DISBURSEMENTS TOTAL			13,185.00
7	1751319.2241			684.91
8	17X4911.2310			5000.09
	COLLECTIONS TOTAL			5,685.00

Figure 20-2. Sample Message Report Statement of Accountability, Disbursements and Collections

## CHAPTER 21

DISBURSING OFFICE RECORDS2101 RETAINED RECORDS

210101. General. Copies of vouchers, books, records, and any other associated papers shall be retained as Government property, readily accessible to the DO transmitting financial reports, or to the designated settlement office for a period not less than one year. Unclassified retained records require no special security storage precautions. However, good management demands that the retained records be maintained in good condition and in an orderly fashion. Retained records shall be stored in regular open files or cabinets. Controls shall be in place to ensure that retained records removed from the files are identified as being out of file and that follow-up is required to ensure their return. Retained records shall be destroyed when one year old as provided in Title 8 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies (reference (x)).

A. Tactical Units and Naval Vessels. To facilitate shipment of retained records, DOs of tactical units and Naval vessels shall file retained records in groups as specified below.

1. All public vouchers other than payrolls with supporting documents.

2. All payroll vouchers with supporting documents.

3. All collection vouchers with supporting documents.

4. Checking account records, to include retained records of all checks drawn, SFs 1179, FMS Forms 5206 with related correspondence, and OFs 1017-G with related correspondence.

5. DD Forms 2657.

6. SFs 1149.

7. SFs 1219.

8. Listing of instruments deposited with the quintuplicate (agency) copy of SFs 215.

9. SFs 1184.

10. SFs 5515.

11. Certificate of revaluation of foreign currency.

12. Quarterly reports on the status of suspense accounts.

13. Other miscellaneous retained disbursing documents.

210102. Disposition of Retained Records

A. Non-tactical Disbursing Offices. As prescribed in chapter 02 of this Volume, retained records (which are less than one year old) shall be transferred to the relieving DO as a part of the relief process. When the records are one year old, the relieving DO shall destroy the retained records as prescribed above. When a disbursing office is being deactivated, the retained records shall be packaged and mailed to the office designated to settle the accounts. When the records are one year old, the designated settlement office will destroy the retained records.

B. Tactical Units and Naval Vessels

1. Detachment With Relief. When a DO of a tactical unit or Naval vessel is relieved from disbursing duty by another DO, the relieving DO shall retain the relieved DO's retained disbursing records of the relieved officer for a period of 90 days from the date of relief. After the 90-day period, the retained records of the relieved officer shall be packaged and forwarded to the servicing DFAS Center (or FIPC) for retention until the expiration of the one year retention period. If deployed, the retained records shall not be forwarded until the unit or vessel returns to homeport and the 90-day retention requirement is met.

2. Detachment Without Relief.

When a DO of a tactical unit or Naval vessel is relieved from disbursing duty due to deactivation of the disbursing office (or when a vessel or unit is decommissioned), the retained disbursing records shall be packaged and forwarded to the servicing DFAS Center (or FIPC). The DFAS Center (or FIPC) will destroy the retained records when they are one year old.

## CHAPTER 22

SETTLEMENT OF DISBURSING OFFICER ACCOUNTS2201 OVERVIEW

The clearing of outstanding items in the accounts of a DO who has been relieved from disbursing duty shall be the responsibility of the designated settlement office. The DO of the designated settlement office (referred to in this chapter as the settlement officer) shall take all actions necessary as prescribed in this Volume to resolve discrepancies in a relieved DO's accountability. All correspondence and vouchers initiated by an officer, designated as a settlement officer, shall show the name and DSSN of the accountable officer as well as the date and number of the voucher or account, and shall be signed "By (name of settlement officer), settlement officer for (name and DSSN of accountable officer)." The settlement officer is also responsible for other residual disbursing functions such as issuance of stop payment requests and required records research pursuant to claims against the Government. At all non-tactical disbursing offices, settlement duties are the responsibility of the relieving DO except when the disbursing station is deactivated. When a non-tactical disbursing station is deactivated, the servicing DFAS Center will designate another non-tactical disbursing office to perform the settlement function. Normally, the disbursing station assuming the disbursing functions of the deactivated station will be designated as the settlement office. For Naval vessels and tactical units, the servicing DFAS Center (or FIPC) shall perform the duties of settlement officer for relieved DOs whether or not the disbursing function of the Naval vessel or unit is deactivated. In any of the above instances, the relieved DO is responsible for resolving all deficiencies before relief, if possible. If a deficiency exists in the account of a relieved DO and it appears that no action was taken to remove it from the accountability and no relief request is pending, the settlement officer shall initiate collection action against the accountable DO.

2202 STORAGE OF RECORDS

Disbursing records on which settlement action is not completed may be transferred by

the settlement officer to the Federal Records Center serving the settlement office for temporary storage. This action should only be taken when necessary or appropriate because of space or equipment limitations or is in accordance with regular plans for transfer of records.

2203 RESPONSIBILITY OF RELIEVED OFFICER

Despite the appointment of a settlement officer, the relieved DO is responsible for accounting for all funds expended while performing disbursing duties. Transfer of disbursing records under the authority of this chapter only relieves the DO of the paperwork incident to settlement of the account. Accountability for illegal, incorrect, or improper payments which cannot be adjusted despite the diligence of the settlement officer remains with the DO who made the payments. The relieved DO shall keep the settlement officer informed of his or her current mailing address at all times. The relieved officer shall also answer inquiries related to settlement of outstanding items and shall furnish any advice or suggestions which may be of assistance in the prompt and complete clearance thereof.

2204 SETTLEMENT OFFICER PROCEDURES

220401. Settlement Officer Is Incumbent DO. The procedures in this paragraph apply only to non-tactical DOs (within and outside the continental United States) performing settlement functions for previous DOs of the same disbursing activity and DSSN to which the DO performing the settlement functions is assigned. In addition to accounting for and taking settlement action on deficiencies which occurred during the incumbency of a former DO that were unresolved on the date of relief, the settlement officer may be required to establish or increase deficiencies in the account of a former DO. Most of the transactions processed to establish, increase, reduce, or remove deficiencies in the account of the former DO will be similar to the routine transactions of a DO and will be reported on the

daily DD Form 2657 and the monthly SF 1219. The transactions described in the following subparagraphs are the most common types of transactions that will be encountered. On some occasions, the servicing DFAS Center may direct accomplishment of specific transactions and will provide detailed instructions for those transactions. To have a complete history of the settlement process, a record of actions taken to clear deficiencies shall be maintained in separate settlement folders for each former DO. Copies of all documents and correspondence pertaining to settlement of the former DOs' accounts shall be filed in the folders. The settlement folders shall be made available for examination and shall be turned over to the next relieving DO as a part of the relief process.

A. Check Overdraft Receivables.

Procedures for recording, reporting and clearing a check overdraft deficiency are prescribed in chapter 07 of this Volume. The procedures are the same for both current and former DOs except that in the case of a former DO, the current DO (settlement officer) shall report the item daily on line 9.2A of the DD Form 2657 and monthly on line 9.2 of the SF 1219 until resolved.

B. Losses of Funds. Losses of funds in the account of a former DO which were unresolved on the date of relief are recorded and reported until resolved on line 9.3 of the current DO's (settlement officer's) DD Form 2657 and SF 1219. Increases in the value of existing losses of funds are generally accomplished only upon the specific direction of the servicing DFAS Center. Decreases in the value of existing losses of funds are accomplished by collection (full or partial) of the losses from the accountable individual or by relief of liability for the losses.

C. Other Accountability. Other accountability items are unresolved deficiencies in the account of a former DO which cannot be classified as check issue overdrafts or losses of funds. These items are reported on line 9.4 of the DD Form 2657 and the SF 1219 until resolved. The value of other accountability may be increased by the settlement officer. For SFs 5515 received by the settlement officer after the date of relief of a DO (which are chargeable to the former DO), the settlement officer shall record and process the SF 5515. The value of the SF 5515 shall be reported on line 9.3 of the DD

Form 2657 and SF 1219. For overpayments caused by the negotiation of both the original and recertified check which the settlement officer determines to be uncollectible, the procedures prescribed in chapter 08 of this Volume shall be followed. The settlement officer shall request removal of the deficiency on behalf of the former DO. Decreases to the value of other accountability items may be effected by: collection from the responsible individual; replacement of lost checks by the drawers of the lost checks; confirmation of a deposit previously presumed and treated as lost in transit; reversal of an SF 5515 by a general depository or the Treasury; correction of an erroneous collection voucher; or, relief of liability. Specific instructions for removal of an accountability item by correction of an erroneous collection voucher or relief of liability shall be provided by the servicing DFAS Center.

D. Processing Negotiable Instruments.

Negotiable instruments received by a settlement officer to offset a deficiency in the account of a former DO shall be entered on the DD Form 2657 as either an increase to Deposits Presented or Mailed to Bank (line 4.2A) or to Other Undeposited Instruments on Hand (line 6.3B), and as a decrease to the applicable receivable (e.g., 9.2A, 9.2B, 9.3, 9.4). The instrument received shall be documented on an OF 1017-G and deposited under the same guidelines as other negotiable instruments.

220402. Settlement Officer Is Not Incumbent DO. The procedures in this paragraph are applicable only to DOs designated to settle the accounts of DOs of tactical units or Naval vessels relieved from disbursing duty and the accounts of former DOs of deactivated disbursing stations. These settlement officers perform settlement functions for a DSSN other than the one to which assigned as DO. Any transaction which affects the accountability of a relieved DO, including the initial establishment of the settlement account, will require submission of monthly financial reports by the settlement officer for the relieved DO. The financial reports are submitted to the servicing DFAS Center (or FIPC) in the same manner as other financial reports. To have a complete history of the settlement process, a record of actions taken to clear deficiencies shall be maintained in separate settlement folders for each former DO and DSSN for which settlement action is performed. Copies

of all documents and correspondence related to the settlement of accounts shall be filed in the folders. The folders shall be made available for examination as necessary.

A. Initial Establishment of the Settlement Account. Upon receipt of the final SF 1219 of the relieved DO the Naval vessel, tactical unit, or the deactivated disbursing station, the settlement officer shall review the SF 1219 to determine if any deficiencies existed on the date of relief. In the case of a deactivated disbursing station where the DO is transferred without a relief, the settlement officer shall establish the settlement account by establishment and preparation of the necessary files to resolve the deficiencies. In the case of Naval vessels and tactical units, if there is a deficiency in the account of the relieved DO, the settlement officer shall establish the settlement account as of the month following the receipt of the relieved DO's final SF 1219. This action is accomplished by preparation of a supplemental SF 1219. Upon establishment of the settlement account for the relieved DO, the designated settlement officer shall recompute the actual accountability of the relieving DO on the date of relief by subtracting the amount established in the settlement account from the amount reported on line 11.0 of the relieved DO's final SF 1219. The settlement officer shall then notify the relieving DO of the Naval vessel or tactical unit by message that the settlement account is established and direct that DO to record the dollar value of the deficiency on line 4.37 of the next SF 1219 and remove the amount from lines 9.2, 9.3, and/or 9.4 (as appropriate). The relieving DO shall attach a copy of the message to each copy of the SF 1219 to support the transfer of accountability shown on line 4.37. Figure 22-1 is an example of a final SF 1219 from a Naval vessel indicating relief and transfer of accountability. Figure 22-2 is an example of the first SF 1219 of the incumbent DO. Figure 22-3 is an example of the supplemental SF 1219 prepared by the settlement officer to establish the settlement account of the relieved DO. Figure 22-4 is an example of the SF 1219 of the incumbent DO transferring the predecessor's deficiency to the settlement officer.

B. Recording Increases to a Settlement Account. After the date of relief, it may become necessary to record a deficiency into the account of a relieved DO. This type of transac-

tion can be caused by an SF 5515, FMS Form 5206, notice of an out-of-balance payroll, or various other discrepancies discovered in subsequent audit of accounts. Figure 22-5 shows processing of an SF 5515 to increase a relieved DO's accountability due to a dishonored check.

C. Removal of Deficiencies. Removal of deficiencies from the accounts of former DOs can be accomplished by collection from the responsible individual, correction of erroneous documents, or relief of liability. If the deficiency is recovered by collection from the responsible individual, the settlement officer shall prepare an OF 1017-G to document the collection and deposit the funds on an SF 215. Block 3 of the SF 215 shall show the DSSN of the DO whose account is being settled. The deposit transaction shall be recorded on the supplemental SF 1219 prepared for the month in which the transaction is processed. If the deficiency is removed by correction of erroneous documents, the corrected documents shall be reported on the supplemental SF 1219 prepared for the month in which the transaction is processed. If a deficiency is removed by relief of liability, the servicing DFAS Center will direct the preparation of an SF 1049 and will provide a complete fund cite to be charged for the transaction. The voucher shall be reported on the supplemental SF 1219 for the month in which the transaction is processed. Figure 22-6 shows removal of a deficiency by collection from the accountable individual.

D. Preparation of Disbursement and Collection Vouchers. Normally, the preparation and processing of vouchers to settle the accounts of former DOs will not affect the disbursing account of the settlement officer. Collection and disbursement voucher numbers assigned to vouchers prepared to process settlement transactions shall not be taken from the voucher number logs of the DO at the settlement activity. The settlement officer shall maintain a separate series of locally assigned voucher numbers (for example, C0001 for collections and D0001 for disbursements) for use in settlement transactions. In addition, the DD Form 2657 is not maintained by the settlement officer for the former DO.

E. Financial Reports. The settlement officer shall submit financial reports for a former DO every month until the former DO's accountability is cleared. Normally, the documents



required to be submitted are: supplemental SF 1219; appropriate copies of SF 215 or SF 5515 if these forms are involved in the transaction; and any supporting disbursement or collection vouchers prepared. The general requirements in chapter 20 of this Volume for preparation and submission of financial reports apply. In addition to the normal distribution requirements, one additional copy of each document prepared shall be forwarded to the servicing DFAS Center. In all cases, each document shall clearly identify the name and DSSN of the former DO and the name and address of the settlement officer preparing the reports. Documents requiring signature shall be signed "By (name of settlement officer), settlement officer for (name and DSSN of accountable officer)."

#### 2205 SETTLEMENT PROCEDURES FOR NAVAL VESSELS

220501. General. Even though the DO assigned to Naval vessels does not perform settlement functions, certain actions are required to be performed to assist the designated settlement officer. The incumbent DO shall take the actions prescribed in this section for each of the transactions described which are received after the date of relief and which affect the accountability of the relieved DO.

220502. SF 5515, Debit Voucher. SFs 5515 issued by a general depository or the Treasury for dishonored personal checks, forged Treasury checks, or dual negotiation of both the original and substitute Treasury checks, shall not be recorded in the current DO's accountability unless the accounts of the DO who is accountable for the deficiency are subject to the 90-day retention period described in chapter 21 of this Volume or the maker or endorser of the dishonored check is locally available for collection action. If neither of the foregoing conditions apply, the current DO shall forward the SF 5515 and copies of all related documents by cover letter to the cognizant FIPC. If follow-up action previously initiated by the relieved officer results in recovery of funds, the relieving officer shall forward the funds in the form of an exchange-for-cash Treasury check to the cognizant FIPC.

220503. Unconfirmed Deposits. For unconfirmed deposits that are later confirmed by follow-up action after the date of relief, forward

the confirmed copy of the SF 215 by cover letter to the cognizant FIPC for processing.

220504. FMS Form 5206, Advice of Check Issue Discrepancy. If an FMS Form 5206 is received during the 90-day retention period subsequent to relief, a copy of the applicable check issue record and disbursement voucher shall be reproduced from the relieved DO's retained records and attached to the form. The documents shall then be forwarded by cover letter to the cognizant FIPC for processing. If an FMS Form 5206 is received after the former DO's records have been forwarded to the FIPC as prescribed in chapter 21 of this Volume, the document shall be forwarded by cover letter to the cognizant FIPC for processing.

220505. Daily Advice of Status (DAS). Upon receipt of a DAS from the Treasury indicating the original and recertified Treasury check issued by the previous DO were both negotiated and previous credit given by the Treasury for the canceled original check is being reversed, the current DO shall take the same actions as prescribed above for debit vouchers.

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100			STATEMENT OF ACCOUNTABILITY	
NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE		LOCATION OF DISBURSING OFFICER (Mailing Address) (01234) USS AFLOAT (DD - 001) FPO AP 96601		
NAME OF AGENCY NAVY				
PERIOD OF ACCOUNT FROM 1 OCT 19XX THROUGH 31 OCT 19XX		AGENCY LOCATION CODE (ALC) (Show main check symbol number) 0002		
SECTION I - GENERAL STATEMENT OF ACCOUNT				
PART A - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY				
1.00	TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		60,000.00	
INCREASES IN ACCOUNTABILITY				
2.1	CHECKS ISSUED ON U.S. TREASURY	8,000.00		
2.3	OTHER TRANSACTIONS			
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS			
2.36	PAYMENTS BY ANOTHER D.O.			
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS			
2.39				
2.9	TOTAL INCREASES IN ACCOUNTABILITY		8,000.00	
3.0	SUBTOTAL		68,000.00	
DECREASES IN ACCOUNTABILITY				
4.1	NET DISBURSEMENTS	7,500.00		
4.2	DEPOSITS PRESENTED OR MAILED TO BANK	3,000.00		
4.3	OTHER TRANSACTIONS			
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS			
4.36	PAYMENTS FOR ANOTHER D.O.			
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS			
4.39				
4.9	TOTAL DECREASES IN ACCOUNTABILITY		10,500.00	
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD		57,500.00	
PART B - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY				
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITORY (Name and location of depository)			
6.2	CASH ON HAND	6,000.00		
6.3	CASH - UNDEPOSITED COLLECTIONS			
6.4				
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS	500.00		
6.6				
6.7				
6.8	PAYROLL CASH	50,000.00		
6.9				
7.1	DEFERRED CHARGES - VOUCHERED ITEMS			
7.2	RECEIVABLES - CHECK OVERDRAFTS			
7.3	LOSSES OF FUNDS	1,000.00		
7.4	RECEIVABLES - DISHONORED CHECKS			
7.5				
7.6				
7.7				
7.8				
7.9				
8.0	TOTAL OF MY ACCOUNTABILITY		57,500.00	
PART C - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY				
9.2	RECEIVABLES - CHECK OVERDRAFTS			
9.3	LOSSES OF FUNDS			
9.4	OTHER ACCOUNTABILITY			
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		0.00	
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)		57,500.00	
I have received on 31 OCT 19XX by transfer from ENS William A. Pringle, SC, USN \$57,500.00, an analysis of which is included in Sections I-B and I-C above.				
John Wesley Adams, ENS, SC, USN				
I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.				
NAME AND TELEPHONE NUMBER OF CONTACT W. A. PRINGLE (219) 496-2222		SIGNATURE AND TITLE OF CERTIFIER		DATE 31 OCT 19XX
NSN 7540-00-634-4245		(OVER)		PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-1. Sample SF 1219, Statement of Accountability (Relieving)

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100			<b>STATEMENT OF ACCOUNTABILITY</b>		
NAME OF DISBURSING OFFICER JOHN WESLEY ADAMS			LOCATION OF DISBURSING OFFICER (Mailing Address) (01234) USS AFLOAT (DD - 001) FPO AP 96601		
NAME OF AGENCY NAVY					
PERIOD OF ACCOUNT FROM 1 NOV 19XX THROUGH 30 NOV 19XX			AGENCY LOCATION CODE (ALC) (Show main check symbol number) 0002		
<b>SECTION I. - GENERAL STATEMENT OF ACCOUNT</b>					
<b>PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY</b>					
1.00	TOTAL ACCOUNTABILITY BEGINNING OF PERIOD				57,500.00
INCREASES IN ACCOUNTABILITY					
2.1	CHECKS ISSUED ON U.S. TREASURY		9,550.00		
2.3	OTHER TRANSACTIONS				
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS				
2.36	PAYMENTS BY ANOTHER D.O.				
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS				
2.39					
2.9	TOTAL INCREASES IN ACCOUNTABILITY				9,550.00
3.0	SUBTOTAL				67,050.00
4.0	DECREASES IN ACCOUNTABILITY				
4.1	NET DISBURSEMENTS		6,550.00		
4.2	DEPOSITS PRESENTED OR MAILED TO BANK		2,000.00		
4.3	OTHER TRANSACTIONS				
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS				
4.36	PAYMENTS FOR ANOTHER D.O.				
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS				
4.39					
4.9	TOTAL DECREASES IN ACCOUNTABILITY				8,550.00
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD				58,500.00
<b>PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY</b>					
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITORY				
	(Name and location of depository)				
6.2	CASH ON HAND				7,000.00
6.3	CASH - UNDEPOSITED COLLECTIONS				
6.4					
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS				500.00
6.6					
6.7					
6.8	PAYROLL CASH				50,000.00
6.9					
7.1	DEFERRED CHARGES - VOUCHERED ITEMS				
7.2	RECEIVABLES - CHECK OVERDRAFTS				
7.3	LOSSES OF FUNDS				
7.4	RECEIVABLES - DISHONORED CHECKS				
7.5					
7.6					
7.7					
7.8					
7.9					
8.0	TOTAL OF MY ACCOUNTABILITY				57,500.00
<b>PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY</b>					
9.2	RECEIVABLES - CHECK OVERDRAFTS				
9.3	LOSSES OF FUNDS				1,000.00
9.4	OTHER ACCOUNTABILITY				
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY				1,000.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)				58,500.00
I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.					
NAME AND TELEPHONE NUMBER OF CONTACT J. W. ADAMS (219) 496-2222			SIGNATURE AND TITLE OF CERTIFIER  		DATE 30 NOV 19XX
NSN 7540-00-634-4245			(OVER)		PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-2. Sample SF 1219, Statement of Accountability (Initial After Relief)

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100		SUPPLEMENTAL <b>STATEMENT OF ACCOUNTABILITY</b>	
NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE		LOCATION OF DISBURSING OFFICER (Mailing Address) (01234) USS AFLOAT (DD - 001) FPO AP 96601	
NAME OF AGENCY NAVY			
PERIOD OF ACCOUNT FROM 1 DEC 19XX THROUGH 31 DEC 19XX		AGENCY LOCATION CODE (ALC) (Show main check symbol number) 0002	
<b>SECTION I. - GENERAL STATEMENT OF ACCOUNT</b>			
<b>PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY</b>			
1.00	TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		0.00
INCREASES IN ACCOUNTABILITY			
2.1	CHECKS ISSUED ON U.S. TREASURY		
2.3	OTHER TRANSACTIONS		
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS		
2.36	PAYMENTS BY ANOTHER D.O.		
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS	1,000.00	
2.39			
2.9	TOTAL INCREASES IN ACCOUNTABILITY		1,000.00
3.0	SUBTOTAL		1,000.00
DECREASES IN ACCOUNTABILITY			
4.1	NET DISBURSEMENTS		
4.2	DEPOSITS PRESENTED OR MAILED TO BANK		
4.3	OTHER TRANSACTIONS		
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
4.36	PAYMENTS FOR ANOTHER D.O.		
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
4.39			
4.9	TOTAL DECREASES IN ACCOUNTABILITY		0.00
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD		1,000.00
<b>PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY</b>			
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITARY		
	(Name and location of depositary)		
6.2	CASH ON HAND		
6.3	CASH - UNDEPOSITED COLLECTIONS		
6.4			
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS		
6.6			
6.7			
6.8			
6.9			
7.1	DEFERRED CHARGES - VOUCHERED ITEMS		
7.2	RECEIVABLES - CHECK OVERDRAFTS		
7.3	LOSSES OF FUNDS		
7.4	RECEIVABLES - DISHONORED CHECKS		
7.5			
7.6			
7.7			
7.8			
7.9			
8.0	TOTAL OF MY ACCOUNTABILITY		0.00
<b>PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY</b>			
9.2	RECEIVABLES - CHECK OVERDRAFTS		
9.3	LOSSES OF FUNDS		1,000.00
9.4	OTHER ACCOUNTABILITY		
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		1,000.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)		1,000.00
I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.			
NAME AND TELEPHONE NUMBER OF CONTACT WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLIAM A. PRINGLE, DSSN 0002 (619) 952-1234		SIGNATURE AND TITLE OF CERTIFIER WALTER R. GOOD	DATE 31 DEC 19XX
NSN 7540-00-634-4245		(OVER)	PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-3. Sample SF 1219, Supplemental Statement of Accountability to Establish Accountability

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100		STATEMENT OF ACCOUNTABILITY	
NAME OF DISBURSING OFFICER JOHN WESLEY ADAMS		LOCATION OF DISBURSING OFFICER (Mailing Address) (01234) USS AFLOAT (DD - 001) FPO AP 96601	
NAME OF AGENCY NAVY		AGENCY LOCATION CODE (ALC) (Show main check symbol number) 0002	
PERIOD OF ACCOUNT FROM 1 DEC 19XX THROUGH 31 DEC 19XX			
SECTION I. - GENERAL STATEMENT OF ACCOUNT			
PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY			
1.00	TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		58,500.00
INCREASES IN ACCOUNTABILITY			
2.1	CHECKS ISSUED ON U.S. TREASURY	24,550.00	
2.3	OTHER TRANSACTIONS		
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS		
2.36	PAYMENTS BY ANOTHER D.O.		
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
2.39			
2.9	TOTAL INCREASES IN ACCOUNTABILITY		24,550.00
3.0	SUBTOTAL		83,050.00
DECREASES IN ACCOUNTABILITY			
4.1	NET DISBURSEMENTS	21,550.00	
4.2	DEPOSITS PRESENTED OR MAILED TO BANK	6,550.00	
4.3	OTHER TRANSACTIONS		
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
4.36	PAYMENTS FOR ANOTHER D.O.		
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS	1,000.00	
4.39			
4.9	TOTAL DECREASES IN ACCOUNTABILITY		29,100.00
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD		53,950.00
PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY			
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITORY (Name and location of depository)		
6.2	CASH ON HAND		3,450.00
6.3	CASH - UNDEPOSITED COLLECTIONS		
6.4			
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS		500.00
6.6			
6.7			
6.8	PAYROLL CASH		50,000.00
6.9			
7.1	DEFERRED CHARGES - VOUCHERED ITEMS		
7.2	RECEIVABLES - CHECK OVERDRAFTS		
7.3	LOSSES OF FUNDS		
7.4	RECEIVABLES - DISHONORED CHECKS		
7.5			
7.6			
7.7			
7.8			
7.9			
8.0	TOTAL OF MY ACCOUNTABILITY		53,950.00
PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY			
9.2	RECEIVABLES - CHECK OVERDRAFTS		
9.3	LOSSES OF FUNDS		
9.4	OTHER ACCOUNTABILITY		
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		0.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)		53,950.00
I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.			
NAME AND TELEPHONE NUMBER OF CONTACT J. W. ADAMS (219) 496-2222		SIGNATURE AND TITLE OF CERTIFIER	DATE 31 DEC 19XX
NSN 7540-00-634-4245		(OVER)	PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-4. Sample SF 1219, Statement of Accountability (Transfer to Settlement Account)

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100		<b>SUPPLEMENTAL STATEMENT OF ACCOUNTABILITY</b>	
NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE		LOCATION OF DISBURSING OFFICER (Mailing Address) (01234) USS AFLOAT (DD - 001) FPO AP 96601	
NAME OF AGENCY NAVY		AGENCY LOCATION CODE (ALC) (Show main check symbol number) 0002	
PERIOD OF ACCOUNT FROM 1 JAN 19XX THROUGH 31 JAN 19XX			
<b>SECTION I. - GENERAL STATEMENT OF ACCOUNT</b>			
<b>PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY</b>			
1.00	TOTAL ACCOUNTABILITY BEGINNING OF PERIOD		1,000.00
INCREASES IN ACCOUNTABILITY			
2.1	CHECKS ISSUED ON U.S. TREASURY		
2.3	OTHER TRANSACTIONS		
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS		
2.36	PAYMENTS BY ANOTHER D.O.		
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS		
2.39			
2.9	TOTAL INCREASES IN ACCOUNTABILITY		0.00
3.0	SUBTOTAL		1,000.00
DECREASES IN ACCOUNTABILITY			
4.1	NET DISBURSEMENTS		
4.2	DEPOSITS PRESENTED OR MAILED TO BANK		(500.00)
4.3	OTHER TRANSACTIONS		
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS		
4.36	PAYMENTS FOR ANOTHER D.O.		
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS		
4.39			
4.9	TOTAL DECREASES IN ACCOUNTABILITY		(500.00)
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD		1,500.00
<b>PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY</b>			
CASH ON DEPOSIT IN DESIGNATED DEPOSITORY			
6.1	(Name and location of depository)		
6.2	CASH ON HAND		
6.3	CASH - UNDEPOSITED COLLECTIONS		
6.4			
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS		
6.6			
6.7			
6.8			
6.9			
7.1	DEFERRED CHARGES - VOUCHERED ITEMS		
7.2	RECEIVABLES - CHECK OVERDRAFTS		
7.3	LOSSES OF FUNDS		
7.4	RECEIVABLES - DISHONORED CHECKS		
7.5			
7.6			
7.7			
7.8			
7.9			
8.0	TOTAL OF MY ACCOUNTABILITY		0.00
<b>PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY</b>			
9.2	RECEIVABLES - CHECK OVERDRAFTS		
9.3	LOSSES OF FUNDS		1,000.00
9.4	OTHER ACCOUNTABILITY		500.00
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		1,500.00
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)		1,500.00
I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.			
NAME AND TELEPHONE NUMBER OF CONTACT WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLIAM A. PRINGLE, DSSN 0002 (619) 952-1234		SIGNATURE AND TITLE OF CERTIFIER WALTER R. GOOD	DATE 31 JAN 19XX
NSN 7540-00-634-4245		(OVER)	PREVIOUS EDITION NOT USABLE 1219-106

Figure 22-5. Sample SF 1219, Supplemental Statement of Accountability to Increase Accountability

STANDARD FORM 1219 Revised April 1982 Department of the Treasury 1-TFM 2-3100		SUPPLEMENTAL STATEMENT OF ACCOUNTABILITY				
NAME OF DISBURSING OFFICER WILLIAM ALLEN PRINGLE		LOCATION OF DISBURSING OFFICER (Mailing Address) (01234) USS AFLOAT (DD - 001) FPO AP 96601				
NAME OF AGENCY NAVY						
PERIOD OF ACCOUNT FROM 1 FEB 19XX THROUGH 28 FEB 19XX		AGENCY LOCATION CODE (ALC) (Show main check symbol number) 0002				
<b>SECTION I. - GENERAL STATEMENT OF ACCOUNT</b>						
<b>PART A. - TRANSACTIONS DURING PERIOD AFFECTING ACCOUNTABILITY</b>						
1.00		TOTAL ACCOUNTABILITY BEGINNING OF PERIOD	1,500.00			
INCREASES IN ACCOUNTABILITY						
2.1	CHECKS ISSUED ON U.S. TREASURY					
2.3	OTHER TRANSACTIONS					
2.34	DISCREPANCIES IN D.O. ACCOUNTS - CREDITS					
2.36	PAYMENTS BY ANOTHER D.O.					
2.37	TRANSFERS FROM OTHER DISBURSING OFFICERS					
2.39						
2.9	TOTAL INCREASES IN ACCOUNTABILITY		0.00			
3.0	SUBTOTAL		1,500.00			
4.0		DECREASES IN ACCOUNTABILITY				
4.1	NET DISBURSEMENTS					
4.2	DEPOSITS PRESENTED OR MAILED TO BANK	1,000.00				
4.3	OTHER TRANSACTIONS					
4.34	DISCREPANCIES IN D.O. ACCOUNTS - DEBITS					
4.36	PAYMENTS FOR ANOTHER D.O.					
4.37	TRANSFERS TO OTHER DISBURSING OFFICERS					
4.39						
4.9	TOTAL DECREASES IN ACCOUNTABILITY		1,000.00			
5.00	TOTAL ACCOUNTABILITY CLOSE OF PERIOD		500.00			
<b>PART B. - ANALYSIS OF INCUMBENT OFFICER'S ACCOUNTABILITY</b>						
6.1	CASH ON DEPOSIT IN DESIGNATED DEPOSITORY					
	(Name and location of depository)					
6.2	CASH ON HAND					
6.3	CASH - UNDEPOSITED COLLECTIONS					
6.4						
6.5	CASH IN CUSTODY OF GOVERNMENT CASHIERS					
6.6						
6.7						
6.8						
6.9						
7.1	DEFERRED CHARGES - VOUCHERED ITEMS					
7.2	RECEIVABLES - CHECK OVERDRAFTS					
7.3	LOSSES OF FUNDS					
7.4	RECEIVABLES - DISHONORED CHECKS					
7.5						
7.6						
7.7						
7.8						
7.9						
8.0	TOTAL OF MY ACCOUNTABILITY		0.00			
<b>PART C. - ANALYSIS OF PREDECESSOR OFFICERS' ACCOUNTABILITY</b>						
9.2	RECEIVABLES - CHECK OVERDRAFTS					
9.3	LOSSES OF FUNDS					
9.4	OTHER ACCOUNTABILITY		500.00			
10.0	TOTAL PREDECESSOR OFFICERS' ACCOUNTABILITY		500.00			
11.0	TOTAL DISBURSING OFFICER ACCOUNTABILITY (Same as line 5.00 above)		500.00			
<p>I certify that this is a true and correct statement of accountability for the period stated at the office referred to above.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">NAME AND TELEPHONE NUMBER OF CONTACT WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLIAM A. PRINGLE, DSSN 0002 (619) 952-1234</td> <td style="width: 40%;">SIGNATURE AND TITLE OF CERTIFIER WALTER R. GOOD</td> <td style="width: 20%;">DATE 28 FEB 19XX</td> </tr> </table>				NAME AND TELEPHONE NUMBER OF CONTACT WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLIAM A. PRINGLE, DSSN 0002 (619) 952-1234	SIGNATURE AND TITLE OF CERTIFIER WALTER R. GOOD	DATE 28 FEB 19XX
NAME AND TELEPHONE NUMBER OF CONTACT WALTER R. GOOD, SETTLEMENT OFFICER FOR WILLIAM A. PRINGLE, DSSN 0002 (619) 952-1234	SIGNATURE AND TITLE OF CERTIFIER WALTER R. GOOD	DATE 28 FEB 19XX				
NSN 7540-00-634-4245		(OVER)				
PREVIOUS EDITION NOT USABLE 1219-106						

Figure 22-6. Sample SF 1219, Supplemental Statement of Accountability to Decrease Accountability



## CHAPTER 23

UNITED STATES SAVINGS BONDS2301 OVERVIEW

This chapter prescribes procedures and forms to be used for the Voluntary Payroll Savings Plan when purchasing U.S. Savings Bonds, Series EE by payroll allotments. The plan provides a means by which civilian employees and military personnel of the U.S. Government may regularly save a part of their earnings through a voluntary system of payroll allotments under the terms and conditions described in this chapter. This chapter also covers procedures for undeliverable, lost, and canceled savings bonds. Purchase of U.S. Savings Bonds by military members through allotment deduction is covered in Volume 7 of this Regulation. Purchase of U.S. Savings Bonds by civilian employees under the payroll savings plan is covered in Volume 8 of this Regulation. Due to Treasury requirements to automate the sales of savings bonds, cash sales of savings bonds within DoD are not authorized. The Bureau of Public Debt, Department of the Treasury, is responsible for administering the savings bond program. The Treasury's U.S. Savings Bond Division is responsible for promoting and selling savings bonds.

2302 BOND ISSUING AGENTS

230201. Eligibility for Designation as Bond Issuing Agent. A DO or disbursing agent whose duties require the issuance of U.S. Savings Bonds shall be designated as a bond issuing agent. Generally, any DO or disbursing agent located in the United States, the Republic of Panama, Puerto Rico, or the Virgin Islands who is responsible for payment of civilian payrolls shall be designated as a bond issuing agent. The bond issuing agent for overseas areas outside those listed above may be the central bond issuing agent assigned to the servicing DFAS Center, or when authorized, an overseas banking facility. The central bond issuing agent assigned to the servicing DFAS Center issues all bonds purchased by military members through allotment deduction. DOs and disbursing agents assigned to tactical units and Naval vessels are not eligible for designation as bond issuing agents.

230202. Request for Designation. An initial request for designation of a DO or disbursing agent as a bond issuing agent shall be forwarded through command channels to the servicing DFAS Center. Normally, the commander will originate the request for designation.

230203. Bond Issuing Agent Certification. The servicing DFAS Center shall certify each designated bond issuing agent, by name, to the FRB which will service the bond issuing agent. The servicing DFAS Center shall also provide certified specimen signatures of the bond issuing agent to the FRB concerned.

230204. Bonds Issued by Bond Issuing Agent

A. General. Bond issuing agents shall be governed by the regulations of the servicing FRB in all matters concerning the requisition, issuance, and accounting for savings bonds. FRBs are governed by Treasury regulations concerning savings bonds. However, accounting procedures, forms, and instructions are not uniform in all Federal Reserve districts, therefore, bond issuing agents shall have in their possession and follow the latest instructions of the servicing FRB.

B. Bond Issuing Agent - DFAS Center. The central bond issuing agent at the servicing DFAS Center shall issue U.S. Savings Bonds, Series EE, as indicated in the following subparagraphs.

1. Bonds purchased through payroll deduction by civilian employees within CONUS. Bonds purchased through payroll deduction may also be issued to civilian employees outside CONUS, except as provided in paragraph 230204.C below.

2. Bonds purchased by military members under the payroll allotment system.

C. Bond Issuing Agent - Banking Facilities. Banking facilities in overseas areas, when authorized, will issue U.S. Savings Bonds purchased through the payroll savings plan by



civilian employees who are citizens of the United States. When authorized, the banking facilities may also issue savings bonds directly to military members or civilian employees when payment is presented in cash by the individual.

D. Bond Issuing Agent - Other DOs or Disbursing Agents. DOs or disbursing agents in the United States (other than the DOs at the servicing DFAS Centers), the Republic of Panama, Puerto Rico, and the Virgin Islands who have been designated as bond issuing agents shall issue U.S. Savings Bonds, Series EE for purchases by civilian personnel through payroll deductions.

### 2303 ACQUISITION, CONTROL, AND SUPPLIES

#### 230301. Blank Bond Stock

A. Bond Denominations. Series EE savings bonds are available only in denominations of \$100, \$200, \$500, and \$1,000 through the Voluntary Payroll Savings Plan. Issue purchase price, denomination maturity value, and bond prefix codes are shown in table 23-1.

★ B. Bond Assembly. Bond stock is available in various Series EE paper bond assembly types. The Type M assembly is used to report registration data on tape. Series EE bond stock is also available in double-up continuous stock. The continuous assembly type bonds shall be separated either manually or by machines specially made for this purpose. The Type K assembly is designed for use in typewriters. When savings bonds are inscribed by typewriter, clear carbon copies shall be made.

C. Requisitioning Blank U.S. Savings Bonds - Series EE. Bond issuing agents will receive forms and instructions from their servicing FRB for ordering Series EE bond stock. The blank stock will be delivered by the FRB upon receipt of requisitions signed by either the bond issuing agent or by the deputy bond issuing agent. Only Series EE savings bonds may be issued under the payroll savings plan and bond issuing agents are not authorized to requisition bonds of any other series.

D. Bond Stock Levels. The FRBs permit bond issuing agents to maintain savings

bond consignment ceilings equal to \$30,000 (face value) or a normal 60 - day requirement, whichever is higher. Such ceilings will be decided by the FRB semiannually based on the preceding 12-month sales history. FRBs will evaluate bond issuing agent requirements and establish individual ceilings commensurate with the issuing agents' legitimate needs. The FRBs will allow issuing agents the flexibility of determining a mix of denominations which will best meet the issuing agents' needs within the limits of their established consignment ceilings.

E. Custody and Storage. The bond issuing agent shall maintain DD Form 80, Bond Control Record to account for all bond stock. The DD Form 80 shall be maintained to show beginning balance of bonds on hand; bonds received, issued, and spoiled; and ending balance of bonds on hand. The DD Form 80 shall also show the quantity and serial numbers of bonds transferred to and returned by bond writers. A separate DD Form 80 shall be maintained for each denomination of bonds. Blank bond stock shall be safeguarded and stored in a vault or safe in the same manner as prescribed in chapter 07 of this Volume for blank Treasury checks. Bond stock may be stored in safes or vaults to which both the bond issuing agent and a minimum number of deputies have access. Depending upon the available storage facilities, the bond issuing agent or a deputy shall retain custody of all blank bonds in excess of current working stock. Bond stock placed in custody of assistants shall be covered by DD Form 80 to show the location of a block of bonds for administrative and inventory purposes. At least once each quarter, a physical inventory of the bond stock shall be made by the bond issuing agent to ensure the stock on hand agrees with the DD Form 80. The quarterly bond inventory may be assigned as a responsibility of the appointed cash verification team. An example of DD Form 80 is provided as figure 23-1.

F. Loss of Bond Stock. The bond issuing agent shall immediately report to the FRB any loss of blank savings bond stock and request instructions as to how credit can be obtained. The report to the FRB shall include a full description of the bonds, including denomination and serial number, and a statement of the circumstances under which the loss occurred.

No request for relief of liability is necessary unless the bonds are fraudulently redeemed.

DENOMINATIONS OF U.S. SAVINGS BONDS, SERIES EE		
ISSUE PURCHASE PRICE	DENOMINATION MATURITY VALUE	BOND PREFIX
50.00	100.00	C
100.00	200.00	R
250.00	500.00	D
500.00	1,000.00	M

Table 23-1. Denominations of Bonds

230302. Validating Stamps

A. Requisition and Disposition. A validating stamp, authorized by the Treasury for use in validating U.S. Savings Bonds when mechanical equipment is not used for issuing bonds, shall be requisitioned from the servicing FRB. The FRB assigns a code number to the validating stamp. The number usually consists of the district number of the FRB followed by a dash and the identification number of the bond issuing agent. However, the bond issuing agent shall adopt the configuration of this number according to the servicing FRB's preference. The bond issuing agent may issue validating stamps to bond issuing subagents. To identify the individual subagents, the bond issuing agent shall request the FRB to supply a separate suffix for each subagent. When the validating stamps are no longer required, they shall be returned to the FRB by registered mail.

B. Safeguarding. Bond issuing agents or subagents shall keep validating stamps under protective custody in a vault or safe and shall be fully accountable for any improper use of such stamp. Upon change of bond issuing agents, the validating stamp shall be turned over to the successor bond issuing agent. The successor shall receipt for the validating stamp.

230303. Envelopes. Special envelopes have been approved for use in mailing U.S. Savings Bonds and shall be requisitioned through regular supply channels. The envelopes are available

from and listed in the Federal Supply Schedules - FSC Group 75, Part V, Office Supplies (Envelopes), which is published every six months.

2304 REGISTRATION

230401. General. Savings bonds are issued only in registered form. The registration shall express the actual ownership of, and interest in, the bond. Savings bonds may be issued: in the names of natural persons in their own right in a single owner form (one person only), co-ownership form (two persons only), and beneficiary form (two persons only); or, in the name of a fiduciary or an organization, private or public (single owner form only). If registration is made in a name of other than individuals in their own right, the employer identification number assigned by the Internal Revenue Service (IRS) shall be inscribed on the bond if there is no SSN. The use of courtesy titles on savings bonds is optional in all cases.

230402. Registration Restrictions. Savings bonds may not be issued to civilian and military employees who are not citizens of the United States and who reside in a country designated as an excess or near-excess country by the Secretary of the Treasury under the Agricultural Trade Development and Assistance Act of 1954 (reference (ao)). Savings bonds may be issued as indicated in the following subparagraphs.

A. Residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, and Panama.

B. Citizens of the United States temporarily residing abroad.

C. Civilian employees of the United States or members of the armed forces, and dependents, who are citizens of the United States and who do not live in a country designated as an excess or near-excess country by the Secretary of the Treasury.

D. Other individuals as co-owners with, or beneficiaries of, any of the above. Registration is not authorized to include the name of any alien in areas where Treasury restricts or regulates delivery of Treasury checks.

E. United States citizens who are permanent employees of exchanges, cafeterias, and similar organizations, and employees of contractors working on DoD contracts.

F. An organization, private or public, as provided in Treasury Circular 530.

230403. Forms of Registration. Subject to the above restrictions, savings bonds may be registered as indicated in the following subparagraphs.

A. In the name of any individual, whether adult or minor, in the individual's own right, in any of the following forms.

1. Single Owner. In the name of the person; for example, John A. Jones.

2. Co-Ownership (Two Persons). In the name of two (but not more than two) persons as co-owners; for example, John A. Jones or Mrs. Ella S. Jones. Note: Either co-owner may redeem bonds registered in this form without the consent or signature of the other.

3. Beneficiary (Two Persons). In the name of one person, payable on death (POD) to one (but not more than one) other person; for example, John A. Jones POD Mrs. Mary E. Jones.

B. In the names and titles of legal representatives of persons (guardians, custodians, conservators, etc.).

C. In the names and titles of trustees of personal trust estates set up by persons in their own right, for the benefit of themselves or other persons, and common trust comprised in whole or in part of such trust estates.

230404. Ownership Records. The Treasury maintains records of ownership of savings bonds. A name and address is no longer adequate identification of ownership by a person. Therefore, all savings bonds issued to persons shall be inscribed with the SSN of the registered owner or the first-named co-owner. Unless the owner specifically requests a reissue, it is not necessary to reissue a savings bond for the sole purpose of changing an incorrect SSN. However, when reissue is not requested, the correct SSN should be forwarded to the Accrual Bond

Branch, Division of Accounts and Reconcilements, Bureau of the Public Debt, Box 1328, Parkersburg, WV 26106-1328.

## 2305 PURCHASE OF BONDS THROUGH PAYROLL WITHHOLDING

230501. Military Members. Military members desiring to participate in the payroll savings plan shall use the approved allotment procedures and forms as prescribed by the servicing DFAS Center. Deductions from the members' pay accounts for bond allotments are credited to deposit fund account \*\*X6050. When the deductions accumulate the purchase price of the denomination of the bond purchased by the allotment, an automated equivalent of DD Form 1084, Bond Issuance Schedule, United States Savings Bonds - Series EE (see paragraph 230602) is produced and forwarded to the central bond issuing agent. The central bond issuing agent assigned to the servicing DFAS Center issues all bonds purchased by military members through bond allotments.

## 230502. Civilian Employees

A. Authorization for Bond Deductions. Civilian employees may participate in the Voluntary Payroll Savings Plan for purchase of Series EE savings bonds by preparing and submitting a Treasury approved form to authorize payroll deductions for the purchase of savings bonds. All entries on the form shall be typed or legibly printed in ink. The employee's name shall be entered as it appears on the payroll. The employee's SSN shall be entered in the designated space. The employing activity and location shall be entered in the designated space. The amount to be withheld each pay period and the denomination of the bond shall be indicated. The name, SSN, and address of the owner (not necessarily the purchaser) to be inscribed on the bond shall be shown. Allotments shall not be established if the SSN of the prescribed owner is not provided. The appropriate spaces of the form shall be marked to indicate whether a co-owner or beneficiary is elected, and the name and SSN (when available) of the co-owner or beneficiary to be inscribed on the bond shall be shown. The starting date of the pay period when the first withholding is to be made and any special handling instructions shall be indicated. The reverse of the form may be used to

indicate the starting date, special handling instructions, or to denote when a bond is being canceled. The authorization form shall be signed in ink by the employee authorizing the payroll deduction.

**B. Disposition of Authorization Forms.** Employees shall deliver completed authorization forms to the payroll office that handles the employee's pay account. The authorization forms are used to enter allotment deductions into the bond accounting module of the automated payroll system.

**C. Payroll Deductions.** Payroll deductions shall be reported on the DD Form 592, Payroll for Personal Services - Payroll Certification and Summary as a credit (collection) to deposit fund account \*\*X6050. When the deductions accumulate the purchase price of the denomination of the bond purchased by the employee, automated equivalents of DD Form 1084 (see paragraph 230602) are generated and forwarded to the DO responsible for payment of the civilian payroll. If the DO responsible for payment of the civilian payroll is not a designated bond issuing agent, the actions prescribed in subparagraph 230502.D shall be taken.

**D. Disbursing Officer Not Authorized Bond Issuing Agent.** When DD Forms 1084 are received from the payroll certifying officer, the DO shall take the actions prescribed below.

1. Ensure the balance in the deposit fund account \*\*X6050 is sufficient to pay for the bonds to be issued. If the balance is insufficient, the DO shall notify the payroll certifying officer in writing and return the DD Forms 1084 for reconciliation.

2. Prepare an SF 1049 to disburse the bond purchase collections previously credited to the deposit fund account \*\*X6050 and issue a Treasury check payable to the Department of the Treasury. The dollar amount of the Treasury check shall coincide with the total purchase price of the bonds scheduled on the DD Forms 1084.

3. Prepare the DD Form 77, Transmittal of Bond Issuance Schedules in triplicate as prescribed in paragraph 230702 for transmittal to the designated bond issuing agent.

4. Forward the original and one copy of the DD Form 77, the Treasury check, a copy of the SF 1049, and the DD Forms 1084 to the designated bond issuing agent. The copy of the DD Form 77 will be receipted by the bond issuing agent and returned. If the acknowledgment is not received within a reasonable length of time, tracer action shall be initiated.

**230503. Termination of Service.** If a member or employee is terminated from service, the payroll allotment shall be canceled by the payroll office. If, at the time of termination, the balance in the member's or employee's allotment account is insufficient to purchase a bond, the bond issuing agent shall refund the balance in the member's or employee's account. The transaction shall be documented by preparation of an SF 1049 charging the deposit fund account \*\*X6050 and issuance of a Treasury check payable to the member or employee.

#### **2306 SCHEDULING BOND ISSUANCE**

**230601. Issuance of DD Form 1084.** DD Form 1084 shall be issued by civilian payroll certifying officers for purchases by civilian employees under the Voluntary Payroll Savings Plan and by the DO at servicing DFAS Centers for issuance of bonds purchased by military members through bond allotments. Mechanized equivalents of DD Form 1084 may be generated by the applicable payroll systems.

#### **230602. Preparation of DD Form 1084**

**A. General.** Separate DD Forms 1084 shall be prepared for each bond denomination. The following subparagraphs provide detailed instructions for completion of DD Form 1084. The subparagraph titles coincide with the block titles of the form. An example of a completed DD Form 1084 is provided as figure 23-2.

**B. Department.** Enter the applicable DoD Component (e.g. Army, Navy, Air Force, or Marine Corps) of the military or civilian employees purchasing the bonds.

**C. Organization.** Enter the organization for which bonds are scheduled, or the civilian payroll unit submitting the schedule.

D. Station and Disbursing Station Symbol No. Enter the name, title, station, ZIP code, and DSSN of the disbursing office responsible for preparation of the schedule if different from the bond issuing agent.

E. Station and Disbursing Station Symbol No. (for use by issuing office only). Only the office issuing the bonds uses this space. The bond issuing agent shall enter the brief block stamp when the bonds are issued.

F. Schedule No. Assign a separate series of numbers for each denomination of bonds scheduled. The numbers consist of a prefix and a suffix separated by a dash. The prefix is shown for each bond denomination in table 23-1. The suffix shall begin with number 1 and number consecutively for each fiscal year.

G. Page of Pages. Enter the page number and number of pages used for each bond denomination.

H. Control No. If the same office schedules and issues the bonds, do not use this block. Otherwise, the control number shall be assigned by the bond issuing agent.

I. Voucher No. Leave blank. The bond issuing agent shall show the disbursement voucher number assigned to the SF 1049 prepared to make payment to the FRB.

J. Denomination. Enter the denomination of the bonds listed on this schedule. Prepare separate schedules for each denomination.

K. No. of Bonds. Enter the number of bonds listed on this schedule.

L. Unit Purchase Price. Enter the unit purchase price of the denomination of bonds on this schedule.

M. Effective Date of Bond. Enter the effective date of bonds listed on the schedule except when it includes average dated bonds, in which case the entry shall be "See below." The effective (issue) date shall be the first day of the month in which at least one-half of the purchase price is accumulated, regardless of the number of

payroll deductions required to complete the full purchase price for issuance of the bond.

N. Method of Purchase. Enter payroll deduction.

O. Certification. The civilian payroll certifying officer or DO preparing the DD Form 1084 shall date and certify the schedule in the spaces provided.

P. Effective Date and Item No. Leave blank when all bonds listed have the same effective date and this is indicated in the Effective Date of Bond block and when the bonds are to be mailed to the owner. Use this block to enter the effective date for each bond when average dated bonds are included on the schedule and the effective date is not the same for all bonds listed.

Q. Name(s) and Address of Person(s) to Whom Issued. The full name of the owner shall always precede the name of the co-owner or beneficiary. Only one person may be designated as either co-owner or beneficiary. "Or" indicates co-owner. "POD" means "Pay on death" and indicates beneficiary. If bonds are to be mailed to a co-owner or beneficiary, the address shall be indicated and the applicable code from the bottom of the form entered in the Item No. column. Military grades shall not precede a co-owner or beneficiary's name. A married (military or civilian) woman's own given name shall be used. The SSN of the owner (the first-named individual on the bond) is mandatory and shall be shown. The SSN of the co-owner or beneficiary shall be shown if available.

R. Serial No. of Bonds Issued. Leave blank. The bond issuing agent shall complete this block when the bonds are issued.

#### 2307 TRANSMITTAL OF BOND ISSUANCE SCHEDULES

230701. General. DOs and agents (not designated as bond issuing agents) who pay civilian payrolls shall prepare DD Form 77 in triplicate to transmit to an authorized bond issuing agent the DD Forms 1084 and the Treasury check(s) or debit vouchers issued in payment for the bonds.

230702. Preparation of DD Form 77

A. General. The following subparagraphs provide detailed instructions for completion of the DD Form 77. The subparagraph titles coincide with the block titles of the form. An example of a completed DD Form 77 is provided as figure 23-3.

B. Date. Enter the date the DD Form 77 is prepared.

C. Transmittal Letter No. Enter the DSSN and transmittal number. The transmittal number shall begin with number "1" each fiscal year and shall continue in numerical sequence for the entire fiscal year regardless of a change in DOs during the fiscal year.

D. To. Enter the complete mailing address of the bond issuing agent to whom the bond issuance schedules are being forwarded.

E. From. Enter the name and DSSN of the DO forwarding the bond issuance schedules.

F. Station or APO. Enter the station address of the DO forwarding the bond issuance schedules.

G. Body of Transmittal. Each DD Form 1084 included in the transmittal shall be identified in the body of the transmittal as shown below.

1. Schedule Number. Enter the schedule number from each DD Form 1084 included in the transmittal.

2. Organization or APO Number. Enter the organization from the Organization block of each DD Form 1084 included in the transmittal.

3. Date of Schedule. Enter the date from the Certification block of each DD Form 1084 included in the transmittal.

4. Denomination of Bonds. Enter the bond denomination from the Denomination block of each DD Form 1084.

5. Total Issue Price. Enter the total issue price for all bonds included on each DD Form 1084. For example, if a DD Form 1084 listed four \$100 bonds at a unit purchase price of \$50.00 each, the total issue price of the DD Form 1084 would be \$200.00.

H. Grand Total. Enter the grand total of all DD Forms 1084 included on the transmittal. The grand total of all DD Forms 1084 included on the transmittal shall coincide with the dollar amount of the Treasury check or debit voucher issued in payment for the bonds scheduled for issuance.

I. Return Address. The DO preparing the transmittal shall include the complete station name and mailing address to which the bond issuing agent is to return a "receipt acknowledged" copy of the DD Form 77.

J. Signature. To DO preparing and forwarding the transmittal shall sign the original transmittal in the space provided.

K. Typed Name and Grade. The DO shall type his or her name, grade, and Component in the space provided.

2308 ISSUANCE OF SAVINGS BONDS

230801. Action by Bond Issuing Agents or Subagents. Upon receipt of DD Forms 77, the bond issuing agent shall ensure that all documents listed on the transmittal are attached and that the amount of the Treasury check is in agreement with the grand total shown on the transmittal and the total value of bonds scheduled on the DD Forms 1084. If there is a discrepancy between the check and DD Forms 77 or 1084, the bond issuing agent shall contact the DO who forwarded the transmittal. If necessary, the bond issuing agent shall return the entire transmittal and supporting documents for reconciliation. The bond issuing agent shall prepare DD Form 1131 crediting deposit fund account \*\*X6050 and deposit the check under normal Treasury check deposit requirements.

230802. Bond Inscription

A. Dating of Bonds. Bonds shall be inscribed to show the issue month and year and the actual date of issuance by the bond issuing



agent. The issue month is the month from which interest is computed. Series EE savings bonds of \$100 or higher denominations, whether under bi-weekly, monthly, or other pay systems, shall be issued under average dating rules. Bonds shall be dated as of the first day of the month in which the end of a pay period falls when at least one-half of the purchase price is accumulated, regardless of the number of consecutive payroll deductions required to complete the full purchase price. The bond shall be issued and delivered when the full purchase price is accumulated through payroll deductions. Average dating does not change prescribed accounting procedures but does cause special handling of the larger denomination bonds. Average dating assures no loss of interest on the personal savings of Federal payroll savers who accept fewer and larger bonds for greater convenience and greater economy in operating a personal savings bond program. When applicable, average dating should be used if an account is cleared to allow an earlier effective date for a change in denomination or amount of allotment and part or all of the balance is taken in lower denomination bonds.

B. Names. The full name of the owner and co-owner or beneficiary, if any, shall be inscribed on the bonds identically as shown on the instrument authorizing the purchases except that if there are two given names, an initial may be substituted for one. If a woman is to be the registered owner or first named co-owner, her SSN will provide adequate identification and she need not furnish a courtesy title such as Mrs. or Ms. The use of courtesy titles is optional in all cases. A married woman shall use her own given name, not that of her husband: for example, Mrs. Ella A. Jones, not Mrs. John A. Jones.

C. Social Security Numbers. The SSN of the first named person (the registered owner or the first named co-owner) shall be inscribed on all Series EE bonds. A savings bond allotment authorization that does not include the required SSN shall be canceled.

D. Address. If delivery is to be accomplished by mail, the purchaser shall be required to designate the address to which the bond is to be mailed on the bond application form. The mailing address shall include the ZIP

Code for every account for which a savings bond is mailed. Purchasers who have no permanent residence, however, may request that a mailing address other than the address of the owner and/or co-owner be inscribed on their bonds. The name and address of a person or bank other than that of the owner, co-owner, or beneficiary is allowed. The name of the registered owner shall start next to the word "To" and the name of a person or bank in the mailing address shall be separated from the registered owner by a blank line. The name in the mailing address shall be prefixed by the words "Mail to". One or two lines, as appropriate, will be skipped before the co-owner or beneficiary's name and SSN are inscribed.

★ E. Validation Stamp. All inscribed savings bonds shall bear a validating stamp in the space provided. When automated equipment is used to inscribe bonds, bond issuing agents are authorized to imprint the information of the validating stamp in the same print used to inscribe the bond. The month, day, and year of the last day of the pay period when the full or final payment for the bond was withheld from the employee's pay shall appear on the validating stamp in lieu of the actual date of issuance. The purpose of this date is to inform the employee of the pay period when the allotment accumulated the purchase price of the bond; not necessarily the actual issue date of the bond.

★230803. Serial Numbers of Bonds. The serial numbers of bonds issued shall be entered in the appropriate spaces on the DD Forms 1084.

★230804. Spoiled Bonds. When errors are made on bonds during the issue process, the bond issuing agent shall stamp or imprint the word "SPOILED" on the face of the bond and file in a jacket bearing the caption SPOILED BONDS. A listing, in three copies, shall be prepared by the bond issuing agent at the end of each month, or at other intervals as required by the FRB to show, by bond serial number, the bonds spoiled during the period. The original and one copy of the listing together with the spoiled bonds shall be forwarded to the servicing FRB per the FRB's requirements. If the error is discovered after delivery of the bond (reported by the owner), payroll officers or other designated officials shall, by letter, cite the errors and DD Forms 1084 on which the erroneous bonds were certified and

forward it (with the erroneous bond) to the bond issuing agent for correction. If the bond issuance has not been reported to the FRB (bond issuance data is still in the possession of the bond issuing agent), the bond issuing agent may issue a replacement bond subject to instructions from the servicing FRB. If the bond issuance has been reported to the FRB (bond issuance data has been submitted to the FRB), the correct issue data must be submitted with the spoiled bond to the FRB with a request that the bond be reissued.

230805. Erroneously Issued Bonds. The bond issuing agent (DO) is pecuniarily liable when a savings bond is erroneously issued to a person other than the purchaser. Upon discovery of the error, the bond issuing agent shall issue a savings bond to the authorized person, and shall attempt to recover the erroneously issued bond or obtain payment from the person to whom the bond was erroneously issued. If the bond issuing agent is unable to obtain either the bond or payment, a warning shall be placed against the savings bond. The help of the local U.S. Secret Service shall then be requested. If such efforts fail, a complete report shall be made to the DO's servicing DFAS Center.

#### 2309 DELIVERY OF BONDS

230901. Personal Delivery. Bonds may be delivered in person where local bond issuance is authorized. Bonds shall continue to show the permanent address of the owner even though delivery is to be made in person. The commander shall specify, in writing, key officers or employees authorized to receive and deliver bonds. The commander may name persons from any organization on the activity, base, or station. One or more alternates should be designated to prevent delays in delivery. All individuals designated to deliver bonds (including alternates) shall furnish their official signature to the DO on the DD Form 577, Signature Card. Individuals designated to deliver bonds shall sign for all bonds received on the DD Form 1084, or applicable machine listing. The DO may require designated delivery officials to obtain receipts from the bond owner. Receipts from bond owners are not required when delivery is made by the DO or a member of the DO's staff. Designated bond delivery officials shall return to the DO all bonds that cannot be delivered on the

same day as received. Bond owners shall then be required to call in person at the disbursing office to obtain their bonds. The DO may authorize designated persons located some distance away to keep undelivered bonds for a short period of time if adequate safekeeping facilities are available and the bond owner is absent but is expected to return soon. If the bond owner is on extended leave, the bonds shall be returned to the DO for mailing.

#### 230902. Delivery by Mail

A. Address. Every bond purchaser shall be requested and encouraged to designate a permanent address to which bonds may be mailed and which is not expected to change due to transfer of the purchaser. The permanent address of the owner and co-owner, if given, as well as the mailing address, shall be identical with those shown on the instrument authorizing purchase of the bond (authorization for payroll deduction). Active duty military personnel purchasing bonds by allotment may request the servicing DFAS Center to hold their bonds in safekeeping as provided in section 2310 of this chapter.

B. Mailing Instructions. Bond issuing agents shall mail savings bonds based on the instructions on DD Form 1084. Bonds shall not be sent by registered mail. The restrictions applicable to mailing of Treasury checks in chapter 08 of this Volume also apply to the mailing of bonds. Special window envelopes described in paragraph 230303 which bear the bond issuing agent's return address shall be used.

#### 230903. Undelivered or Returned Bonds

A. General. Bond issuing agents shall maintain a record of all bonds returned as undeliverable using the DD Form 2658, Returned and Undeliverable Check/Bond Record prescribed in chapter 08 of this Volume for undeliverable Treasury checks. At a minimum, the record shall include: the denomination and serial number of the bond; date of the bond; name, address, and SSN of the owner; date of return; disposition; and date of disposition. If the bond is eventually delivered in person to the owner, the signature of the owner shall be obtained on the record.



B. Action to Effect Delivery. The bond issuing agent shall make every effort and utilize all possible sources of information to effect delivery. If delivery still cannot be made, the bond issuing agent shall determine the bond to be undeliverable and shall keep the bond for a period of three months, except as provided in subparagraph 230903.D below.

C. Disposition After 3-Month Period. All bonds which have been held as undeliverable for a period of three months after receipt shall be forwarded, uncanceled, by first class mail to the Department of the Treasury, Bureau of Public Debt, ATTN: Division of Transactions and Rulings, 200 Third Street, Parkersburg, WV 26101. A letter, in duplicate, shall be mailed separately to the above address to provide advance notice that a shipment of undeliverable bonds is in transit. Upon receipt of the shipment, the duplicate copy of the letter will be signed and returned to the sender. A listing of the serial numbers of the bonds being shipped shall be prepared in duplicate. One copy of the listing shall be enclosed with the letter and the other copy kept by the sender.

D. Deceased, Missing, and Mentally Incompetent Personnel

1. Deceased or Missing Military Member. Any bond which has not been delivered at the time of receipt of notification of death or missing status shall be mailed by the bond issuing agent to the co-owner, beneficiary, or third party if such a designation is on the bond. Refer to Treasury Department Circular 530, revised, to determine the rightful owner.

2. Mentally Incompetent Military Member. Any bond which has not been delivered at the time of receipt of notification of mental incompetence shall be held by the bond issuing agent pending receipt of instructions from the legally appointed guardian or from the person designated to receive the member's active duty pay.

3. Deceased, Missing, or Mentally Incompetent Civilian Employee. Refer to Volume 8 of this Regulation.

4. Deactivation of Disbursing Office. Forward all undeliverable bonds, regard-

less of the period held, under a letter of transmittal to the central bond issuing agent at the servicing DFAS Center. File all receipted copies of the transmittal letters with the retained accounts of the DO (bond issuing agent) for transmittal to the designated custodian of the retained accounts.

\*230904. Inquiries Regarding Non-receipt of Bonds. When the bond issuing agent receives notice of non-receipt of a savings bond, the bond issuing agent is required to verify and certify that the bond was properly issued and forwarded to the owner. Then the bond issuing agent shall send the member or employee a PD Form 3062, Claim for Relief on Account of Inscribed United States Savings Bonds Lost, Stolen or Destroyed Prior to Receipt by Owner, Co-Owner or Beneficiary for completion. The completed PD Form 3062 shall be returned to the bond issuing agent for validation. The bond issuing agent shall then forward the completed form to the Bureau of Public Debt, Box 1328, Parkersburg, WV 26106-1328. If the bond has not been redeemed, the Treasury will issue a replacement bond. If the original bond has been redeemed, a photocopy of the bond will be provided for verification of endorsement(s). The PD Form 3062 may be obtained from the servicing FRB. When savings bonds are hand-delivered, the bond issuing agent is required to obtain statements from all persons who handled the bonds and then follow the above procedures.

230905. Lost, Stolen, or Destroyed Bonds. If the owner notifies the bond issuing agent that a savings bond was lost, stolen, or destroyed after receipt, the bond issuing agent shall provide the owner with a PD Form 1048, Application for Relief on Account of Loss, Theft or Destruction of United States Savings and Retirement Securities and have the owner write to the Claims Branch, Division of Transactions and Rulings, Bureau of Public Debt, Box 1328, Parkersburg, WV 26106-1328. The bond issuing agent shall provide the owner with the serial numbers and registration of the lost bonds, if available, from retained records. If records are not available, the applicant will be informed that, if bond serial numbers cannot be provided to the Treasury with the claim, replacement can be facilitated if the issue months and the names and addresses appearing on the bonds can be provided. The

PD Form 1048 may be obtained from the servicing FRB.

★230906. Inquiries Regarding Changes to Issued Bonds. If the bond issuing agent receives a request from an owner to change (e.g., add beneficiary or coowner, eliminate beneficiary or decedent, show change of name, and/or correct error in registration) a bond already issued, the bond issuing agent should advise the owner to complete a PD Form 4000. This form along with the bonds requiring a change should be forwarded to the Bureau of Public Debt, Box 1328, Parkersburg, WV 26106-1328. The PD Form 4000 may be obtained from a financial institution or a FRB.

230907. Fraudulent Claims Presented by the Purchaser. The bond issuing agent is not pecuniarily liable for bonds issued, when replacement bonds are subsequently issued by the Treasury or the FRBs in settlement of a fraudulent non-receipt or loss claim presented by the purchaser. The bond issuing agent is responsible, however, for making the initial effort to recover the replacement bond or restitution in money equal to the redemption value of the bond redeemed. The bond issuing agent shall notify the Treasury if unsuccessful in accomplishing recovery or restitution.

#### 2310 SAFEKEEPING OF BONDS BY DFAS CENTERS

231001. Military Personnel. Active duty military personnel purchasing bonds through the payroll deduction plan (allotment) may designate bonds issued in their names as owners to be held in safekeeping by the servicing DFAS Center. The following procedures pertain to bonds maintained for safekeeping.

A. Site. At the request of active duty members, U.S. savings bonds may be accepted for safekeeping by the servicing DFAS Center maintaining the member's Master Military Pay Account.

B. Storage Facilities. Vault storage which meets the same security requirements for storage of Treasury checks shall be provided for the bonds. Where available, bonds may be held electronically via the "Book-Entry" system on the servicing DFAS Center's files.

C. Records. Records shall be maintained for each member showing the bond number (except Book-Entry), issue date, and denomination. For Book-Entry bonds, complete inscription data will be maintained on the file so that bonds may be issued on demand. At least once each year, a random inventory of bonds held in safekeeping shall be conducted. Bonds to be inventoried shall be selected using accepted random sampling techniques. Annually, each member with bonds held in safekeeping shall be advised of the number of bonds held by denomination, or notified that the information is available on request.

D. Retention of Bonds. Bonds shall be held for safekeeping only as long as the member is on active duty. The bonds shall be withdrawn from safekeeping at the time of separation, discharge, or retirement from active duty. The servicing DFAS Center shall notify the member to request release of the bonds held in safekeeping. Bonds not withdrawn from safekeeping 120 days from the date of separation, discharge, or retirement shall be forwarded to the Bureau of Public Debt, Division of Transactions and Rulings, 200 Third Street, Parkersburg, WV 26101, for disposition.

E. Return of Bonds. Savings bonds shall be released to a service member upon receipt of a written request from the member containing the member's original signature. A reproduced or facsimile signature is not acceptable. If the bonds cannot be returned due to lack of a current address, the bonds shall be forwarded to the Bureau of Public Debt, Division of Transactions and Rulings, for disposition. For bonds sent to the Bureau of Public Debt (including those sent before July 1, 1968), the Bureau will release those bonds upon receipt of requests and completed custody receipts which are sent to the members.

F. Death of Service Member. In the event of a service member's death, the bonds shall be mailed to the co-owner, beneficiary, or executor designated upon proof of entitlement to ownership. If no co-owner, beneficiary, or executor was designated, or if unable to locate the designated co-owner, beneficiary, or executor, the bonds shall be forwarded to the Bureau of Public Debt, Division of Transactions and

Rulings, 200 Third Street, Parkersburg, WV 26101, for disposition.

231002. Civilian Employees. Civilian employees are not eligible for safekeeping of bonds. Effective March 31, 1955, the Treasury ordered the FRBs to discontinue safekeeping civilian employees' bonds. The FRBs continue to hold those bonds received for safekeeping before that date until the owner requests release. For information write to the Bureau of Public Debt, P.O. Box 1328, Parkersburg, WV 26106-1328.

### 2311 SETTLEMENT WITH THE FRB

\*231101. Preparation of Voucher. Monthly, or at other intervals as required by the FRB, the bond issuing agent shall prepare an SF 1049 for the total amount of all bonds issued. The voucher, certified as prescribed below, shall be charged to the deposit fund account \*\*X6050. The original of each DD Form 1084; magnetic tape; all savings bonds spoiled in the process of issue; and any other documentation required by the servicing FRB shall support the original SF 1049 on which payment for the bonds is made. Copies of DD Forms 1084 shall be filed with the retained copy of the voucher. A Treasury check payable to the FRB in the amount of the voucher, together with the required accounting report, shall be mailed to the FRB. The bond accounting report shall be verified with DD Form 80.

231102. Certificate Executed by the Bond Issuing Agent. The certification attached to SF 1049 shall be as follows: "I certify that for each bond listed on the DD Forms 1084, enumerated below, the amount of the bond has been withheld from pay settled on vouchers taken into my accounts in the month(s) of (month(s)) and credited to \*\*X6050, Employees' Payroll Allotment Account, United States Savings Bonds. Such bonds were purchased as follows: (number of bonds on each DD Form 1084 and dollar amount)."

231103. Report of Voucher Payment Number. The bond issuing agent shall furnish the following information in writing to each civilian payroll certifying officer who certifies payrolls and DD Forms 1084.

A. The voucher number of the SF 1049 prepared for payment of bonds issued.

B. The month the voucher was processed in the accounts of the DO.

C. A citation to each DD Form 1084 included in the payment.

D. A quarterly listing of all DD Forms 1084 for which bonds have not been issued.

231104. Relief or Detachment of Bond Issuing Agent. A final accounting for savings bonds shall be made to the FRB by the bond issuing agent relieved or terminated from duty. The new bond issuing agent shall request certification from the servicing FRB and transfer of accountability for bond stock on hand. When a bond issuing agent is relieved, the relieved agent shall prepare a report to show the balance in the deposit fund account \*\*X6050 up to and including the date of relief. A signed copy of the report indicating the name of the relieving agent shall be forwarded to the servicing DFAS Center. The original report shall be turned over to the relieving agent for use in preparing the monthly report. Any adjustments of a previous difference shall be reported in detail in the following month's report.

### 2312 REDEEMING SAVINGS BONDS

231201. General. DOs must receive written authorization from the servicing DFAS Center and the Treasury to redeem any U.S. savings bonds. This authorization shall not be given except under the most unusual circumstances. Requests for bond redemption authority shall be in writing and contain complete justification. In overseas areas where banking facilities are not available, DOs may request authorization through their chain of command to the servicing DFAS Center. If the request is justified, the servicing DFAS Center will forward the request to the Treasury. Disbursing offices that currently have authority to redeem savings bonds are authorized to continue this service.

#### 231202. Cashing of Bonds

A. DOs who have been authorized to redeem savings bonds shall do so according to redemption tables and procedures in Treasury Circular No. 750.

B. Redeemed bonds shall be returned on a separate SF 215 per instructions provided by the FRB.

C. Upon discovery that an amount was paid above that authorized by the applicable redemption table, report the cash shortage as an increase on line 7.2B of the DD Form 2657 and attempt to recover the overpayment from the payee. If collection is made, prepare an OF 1017-G to document the collection and record the transaction as a decrease to line 7.2B and an increase to cash. If collection action is unsuccessful, process the shortage as a physical loss of funds as prescribed in chapter 06 of this Volume.

D. DOs are required to issue an IRS Form 1099-INT, Statement for Recipients of Interest Income, to recipients of \$10 or more of interest paid on redemption of savings bonds. The IRS Form 1099-INT includes the amount of interest paid, name, address, and Tax Payer Identification Number (TIN) of the person to whom paid, and other information required by the IRS. The TIN is usually the bond holder's SSN. Do not cash a bond for an individual who refuses to furnish this number. Since individuals redeeming bonds may move by yearend, DOs should furnish the IRS Form 1099-INT to the recipient at the time of the transaction.

#### 2313 SEMIANNUAL SAVINGS BOND REPORT

The DoD Component Military Personnel Commands or Centers are responsible for providing the Treasury with a savings bond operations summary, twice yearly, on the level of participation in the savings bond program. Twice yearly, DFAS Centers that are responsible for military payrolls and all civilian payroll offices shall provide the bond issuing agents with bond participation statistics on or before the 25th day following the end of each semiannual calendar period (March 31 or September 30). The report shall include the following:

A. The pay period ending date.

B. The unit identification code (UIC) and title of the reporting payroll office.

C. The UIC and title of each employing activity.

D. A column with the total number of active, full time, permanent employees only.

E. A column with the number of employees enrolled in the payroll savings plan.

F. The total dollar amount allotted for the purchase of Savings Bonds during the entire six-month period.

The above data should be provided separately for each geographical location (i.e., assigned location of the installation, station, base, or post) of the member or employee. After the report is completed, the bond issuing agent will send the report and summary by May 5 for the six-month period ending March 31, and by November 5 for the six-month period ending September 30, to the DoD Component Military Personnel Commands or Centers. A copy of the report and summary will be retained by the bond issuing agent for three years.

SERIES EE		DENOMINATION \$100.00		BOND CONTROL RECORD					REMARKS
DATE	RECEIVED		ISSUED		QUANTITY	SPOILED	BALANCE ON HAND		
	QUANTITY	SERIAL NUMBERS (From - To Inclusive)	QUANTITY	SERIAL NUMBERS (From - To Inclusive)				QUANTITY	
01 OCT XX	12,500	11,195,674 - 11,208,173	400	11,050,201 - 11,050,600	1	11,050,601	12,500		
02 OCT XX							12,100		
04 Oct XX							12,099		

REPLACES NME FORM 80, 1 SEP 48, AND WD AGO FORM R-5100, 1 AUG 1945, WHICH ARE OBSOLETE

DD Form 80, MAR 51

47040

Figure 23-1. Sample DD Form 80, Bond Control Record

BOND ISSUANCE SCHEDULE UNITED STATES SAVINGS BONDS - SERIES E				
DEPARTMENT Department of the Army		STATION AND DISBURSING STATION SYMBOL NO. (For use of Issuing Office only) T.S. TIMOTHY, LTC, FC Disbursing Officer Ft. Finance, IN 46216 DSSN 0001		SCHEDULE NO. 2-1
ORGANIZATION Civilian Payroll Office				PAGE 1 OF 1 PAGES
STATION AND DISBURSING STATION SYMBOL NO.				CONTROL NO.
				VOUCHER NO.
DENOMINATION \$100.00	NO. OF BONDS 4	UNIT PURCHASE PRICE \$50.00	EFFECTIVE DATE OF BONDS 01 Nov 19XX	METHOD OF PURCHASE Payroll Deduction
IT IS REQUESTED THAT UNITED STATES SAVINGS BONDS BE ISSUED IN ACCORDANCE WITH INFORMATION HEREON FOR THE INDIVIDUALS SHOWN ON THE FOLLOWING LIST CONSISTING OF 1 SHEET(S). THE FULL PURCHASE PRICE OF \$ 50.00 HAS BEEN WITHHELD FROM PAY OR COLLECTED IN CASH.				
15 Dec 19XX (Date)				
(Signature of Certifying Officer) (Sign original only)				
EFFECTIVE DATE AND ITEM NO.	NAME(S) AND ADDRESS OF PERSON(S) TO WHOM ISSUED			SERIAL NO. OF BONDS ISSUED
1	Ted D. Brown 123456789 4315 Forest Drive Indianapolis, IN 46278 POD Betty A. Brown 234567890			
2	Don L. Green 345678901 411 Pond Street Indianapolis, IN 47234			
3	Mike E. Blacke 456789012 2613 Chester Avenue Indianapolis, IN 46268 or Miniefred Blacke 567890123			
4	Chester N. Bailey 678901234 or Stella Bailey 789012345 1223 Oak Street Charlotte, Vermont 05445			
5				
6				
7				
The letter A, B, C, or D in the item number column indicates items to be forwarded by mail is A - the owner, B - the co-owner or beneficiary, C - Federal Reserve Bank for safekeeping, service members only, or D - Departmental safekeeping (not applicable to Army). Where no disposition is indicated, the bonds will be forwarded for personal delivery.				

DD Form 1084, DEC 66  
207/147REPLACES EDITION OF 1 DEC 57,  
WHICH IS OBSOLETE.Form Approved by Comptroller General U.S.  
19 November 1957

1

Figure 23-2. Sample DD Form 1084, Bond Issuance Schedule

TRANSMITTAL OF BOND ISSUANCE SCHEDULES			DATE 12 Mar XX	TRANSMITTAL LETTER NO. 51
TO: Major Jack Peterson Accounting and Finance Officer Bolling AFB, Wash DC 20332 THRU: Major R. D. Kepner Accounting and Finance Officer APO AE 09633		FROM: (Name and symbol of finance officer) Captain T. Constable A&D Agent		
		STATION OR APO APO AE 09130		
ATTACHED ARE THE FOLLOWING BOND ISSUANCE SCHEDULES LISTING NAMES OF PERSONS TO WHOM UNITED STATES SAVINGS BONDS ARE TO BE ISSUED.				
SCHEDULE NUMBER	ORGANIZATION OR APO NUMBER	DATE OF SCHEDULE	DENOMINATION OF BONDS	TOTAL ISSUE PRICE
66	APO AE 09130	3 Mar XX	100.00	1500.00
67	APO AE 09130	3 Mar XX	200.00	600.00
			TOTAL	2,100.00
RETURN ADDRESS Captain T. Constable Accounting and Disbursing Agent 330th Bomb Wing APO AE 09130			SIGNATURE  TYPED NAME AND GRADE T. CONSTABLE, Captain, USAF	

DD Form 77, AUG 53

PREVIOUS EDITIONS OF THIS FORM MAY BE USED

74/040

Figure 23-3. Sample DD Form 77, Transmittal of Bond Issuance Schedules

## CHAPTER 24

ELECTRONIC COMMERCE2401 OVERVIEW

Electronic commerce encompasses a wide range of financial functions which are performed using data communications techniques to transfer information between one or more parties in a prescribed format which is structured per the guidelines of the American National Standards Institute (ANSI), Accredited Standards Committee (ASC). All elements of electronic commerce shall use the DoD-adopted ANSI Standard No. X12 (reference (av)). Electronic commerce transactions shall be properly authenticated. Authentication measures shall conform to ANSI Standard No. X9.9 (reference (aw)) or equivalent authentication techniques. Reference (aw) establishes a universally applicable method to authenticate financial messages, including funds transfer, letters of credit, security transfers, loan agreements, and foreign exchange contracts that are transmitted by electronic means. DoD Component applications of electronic commerce that anticipate a recurring use of the Treasury's Fedwire System (chapter 4-2500 of reference (w)) shall be coordinated with the servicing DFAS Center before formalizing arrangements with the Treasury.

2402 ELECTRONIC FUNDS TRANSFER

240201. Overview. Electronic Funds Transfer (EFT) utilizes the FRB and its computer network to deposit funds into the checking or savings account of a person or company. The FRB processes all EFT actions through the Automated Clearing House (ACH) network. The FRB also processes all ancillary transactions related to the original EFT transaction through the ACH network. Disbursing offices whose activities include payment of civilian payrolls, travel, and/or vendor invoices are eligible to participate in EFT operations. All participating disbursing offices shall execute a Memorandum of Understanding (MOU) with the FRB which details the operating parameters and procedures for the conduct of Direct Deposit and Vendor Express operations. Payment or payroll files may be transmitted to the FRB by either a magnetic tape or electronic

file transmission. The actual method will be spelled out in the MOU.

240202. Pre-notification. Pre-notification is the transmission of a zero dollar value transaction through the FRB/ACH network to a financial institution. This type of transaction serves to verify a payee's account information and the financial institution's ability to post a payment to the account.

240203. Procedures. Disbursing offices utilizing EFT shall transfer funds to the FRB by an SF 5515. The SFs 5515 are prepared and dated to show the date payment is due, and delivered to the FRB with the magnetic tape. The DO shall retain the memorandum copy of the SF 5515. If the payment file is electronically transmitted to the FRB, the DO shall use the FRB's summary of ACH activity report in lieu of the SF 5515. In either case, the FRB will issue a confirmation SF 5515 to the DO. For an EFT transaction, the SF 5515 is recorded as a negative deposit with the payroll, travel, or vendor payment recorded as a gross disbursement.

2403 VENDOR EXPRESS

240301. Enrollment in Vendor Express. Vendor's may opt to enroll in the vendor express program, where available, to receive funds due them for goods or services rendered to the Government. Payment shall be via EFT vice a Treasury check. The vendor shall obtain the SF 3881, ACH Vendor/Miscellaneous Payment Enrollment Form from the DoD Component activity with which it does business. The completed SF 3881 shall then be forwarded to the paying office for processing.

240302. Payment Date. In the vendor express program, the payment date is the date of an EFT payment (settlement date). Payments made by the EFT mechanism shall be made so as to be received by the vendor's financial institution by the established payment due date. The processing time required to have an EFT transaction reach a financial institution should be part of the MOU with the FRB. On Saturdays, Sundays,



and legal holidays, when Government offices are closed and business is not expected to be conducted, payments falling due may be made on the following business day without incurring late payment interest penalties.

#### 2404 CREDIT CARD COLLECTIONS

240401. Overview. The Treasury established a Government-wide credit card network to allow Federal agencies to accept credit cards (**VISA AND MASTERCARD ONLY**) from the public (vendor, member, and employee) for the collection of monies due from sales, services, fees, fines, and debt repayment. Agencies separately select one of the network banks under contract to the Treasury Department to provide credit card collection services and then enter into credit card participation agreements with the network bank. Appropriated fund activities receiving collections under this program are referred to as merchants. DOs are authorized to perform as merchants or as a support office to other merchants outside the disbursing office. The network bank assigns an account number to each merchant. The network bank deposits daily receipts into the TGA at FRB New York (using the DO's DSSN) and forwards an SF 215 for each merchant to the DO. The DO should receive the SF 215 from the bank within five to seven days. Account activity summaries are provided to the merchant for reconciliation purposes. Compensation to the banks for these services, excluding equipment costs and telephone lines, is provided by Treasury.

240402. Criteria for Participation. The use of credit cards as a collection option requires: transactions of \$15,000 or more per year, per location; a minimum of 10 transactions per month; and, a minimum transaction amount of \$5.00. The merchant (and the DO if acting as a support office) must perform a cost-benefit analysis to determine whether potential volume justifies the cost of credit card use. The merchant may contact one of the network banks directly to obtain information and general cost estimates associated with the implementation and maintenance of the network. Cost should also include the equipment cost, dedicated communication line, and increased workload for the merchant and the DO. Approval must also be obtained from the servicing DFAS Center

prior to the acceptance and/or processing of credit card sales.

240403. Processing Transactions. Based on the agreement with the bank, the merchant will prepare a standard credit card charge form (original with copies) for each collection transaction and will keep memorandum records of each collection. A record of each transaction must be retained for six years, three months. The merchant shall prepare a DD Form 1131 at the end of each business day and forward the voucher and supporting documents to the DO or the deputy serving the merchant. The DD Form 1131 shall identify the appropriate line or lines of accounting data to receive credit. The merchant shall retain a copy of the DD Form 1131 and a copy of the supporting documents for each day's business. The DO shall record the DD Form 1131 on the DD Form 2657 as a Reimbursement (line 4.1E) and as an increase to Cash-in-Transit (line 6.7). Upon receipt of the SF 215 from the network bank, the DO shall record the SF 215 on the DD Form 2657 as a Deposit (line 4.2A) and a decrease to Cash-in-Transit (line 6.7). Any chargebacks on credit card collections not accepted for deposit by network banks will be handled in the same manner as uncollectible checks from collections outside the disbursing office. The original collection is simply reversed and the receivable reestablished by the merchant.

240404. Reports and Reconciliation. Based on the report requirements established in the participation agreement with the network bank, weekly or monthly summary reports of the merchant's credit card activity will be mailed or electronically transmitted by the network bank to the merchant. The summary will detail dates of deposits, dollar amounts of deposits, number of transactions processed, adjustment charges, and chargebacks. This report shall be used to reconcile any differences which may occur between the report and entries into the accounting system. The report shall also be reconciled with the DD Forms 1131 submitted to the DO or deputy. Any adjustments or chargebacks shall be processed and documented in accordance with the credit card participation agreement.

240405. Internal Controls. Internal control procedures shall be established by each merchant to ensure that credit card transaction documentation to support all DD Forms 1131 submitted to

the DO is properly safeguarded. Documentation shall be available for use by the DO's quarterly cash verification board, the collection agent audit board, and for other audit purposes.

#### 2405 LOCKBOX COLLECTIONS

240501. Overview. A lockbox is a collection and processing service provided by a financial institution (bank) that accelerates the flow of funds to the TGA at FRB New York. This service includes collecting a lockbox agency's mail from a specified post office box, sorting, totaling, and recording the payments, processing the items, making the deposit, and forwarding lockbox remittance data either in hard copy or electronic format to the lockbox agency. Treasury's Financial Management Service (FMS) has exclusive authority to contract for lockbox services with selected banks and the agency. An agency is prohibited from entering into new contractual agreements, modifications of existing contracts, or renewal of existing contracts without the prior approval of FMS. Compensation to the selected banks for specified lockbox services is provided by the Treasury. There are three types of lockbox services available to participating agencies: retail, wholesale, and electronic.

A. Retail Lockbox. A retail lockbox uses optical character recognition, machine-readable coupon-type payment documents for automated processing. This type of lockbox is best suited for low dollar, high annual item volume payments. High speed equipment captures specific information from the invoice and the check and stores it in electronic form on tapes or disks. The accounting information can be captured and passed via computer-to-computer link from the lockbox bank to the agency.

B. Wholesale Lockbox. A wholesale lockbox involves the manual processing of traditional invoice documents and is best suited for high dollar, low annual item volume payments. Once received at the lockbox site, these payment documents are processed using key entry to capture accounting information. The accounting information can be transmitted via computer-to-computer link or in hard copy from the lockbox bank to the agency.

C. Electronic Lockbox. An electronic lockbox is either a wholesale or retail lockbox

that processes transactions electronically. The remitter can provide payments through ACH, by wire transfer, or with paper check. Electronic lockboxes collect and deposit all three. The accounting information can be captured and transmitted via computer-to-computer link, magnetic tape, or in hard copy from the lockbox bank to the agency.

240502. Criteria for Participation. The use of the lockbox mechanism as a collection option requires: collections of \$1 million or more average monthly dollar volume; recurring and non-recurring, fixed and fluctuating transactions; and, approval must be obtained from the servicing DFAS Center to implement a lockbox operation.

240503. Lockbox Implementation. Generally, a lockbox application is identified through cash management reviews and audits. DoD Component activities desiring to use lockbox services should contact the Cash Management Division, FMS and provide an updated cash flow review consisting of current collection practices and deposit information. FMS and the DoD Component activity shall complete a cost-benefit analysis to determine: the total days of float in the activity's current collection system and the lockbox system; the costs (including float) associated with the activity's current collection system and the lockbox system; and, the optimal sites within the lockbox network to process the activity's remittances. If the lockbox is considered to be cost beneficial, a network bank will be selected (by FMS) for the activity to implement lockbox services. Activities utilizing lockbox collection services (billing activity) shall enter into a MOU with FMS and the lockbox bank designated by FMS. The MOU will incorporate the terms and specifications for the lockbox services to be provided to each billing activity that will provide the necessary information pertinent to internal controls and Treasury's financial regulations and reports. Recommendations will be made for an alternative collection mechanism when a lockbox application is not viable.

#### 240504. Lockbox Collection Process

A. Lockbox Payments. The designated lockbox bank will assign a unique post office box number to the billing activity to facilitate receipt and processing of collections. The billing activity shall advise remitters to mail payments

and associated remittance documentation directly to the assigned post office box number. The bank picks up the mail several times daily and processes the remittances according to the activity's instructions. On the following business day, the bank transfers the funds by wire or ACH to FRB New York with credit to the DO's DSSN designated in the MOU. The bank will issue an SF 215 for the daily deposit. The confirmed copy of the SF 215 and an Advice of Deposit will be forwarded via First Class mail to the disbursing office. The DO shall prepare a DD Form 1131 crediting the lockbox deposit to \*\*F3875, Budget Clearing Account (Suspense), pending receipt of an SF 1080 from the billing activity citing the appropriation(s) to be credited. The DD Form 1131 and SF 215 shall be reported on the DD Form 2657 as a Reimbursement (line 4.1E) and a Deposit (line 4.2A).

B. Lockbox Documentation. The bank will forward via overnight delivery the agency and/or memorandum copy of the SF 215, an Advice of Deposit, and all supporting remittance documentation received in the lockbox to the billing activity. Upon receipt of the deposit documentation, the billing activity shall reconcile the remittance documentation against the dollar amount indicated on the accompanying SF 215 and Advice of Deposit. Within five (5) work days of receipt of the documentation, the billing activity shall prepare an SF 1080 for the SF 215 and forward it to the disbursing office designated on the SF 215. The SF 1080 shall furnish complete collection information and accounting data, as appropriate (receiving activity, date of receipt, remitter, purpose of remittance, the complete accounting citation(s) to which the collection is to be credited, the contract number(s), contract line item number(s), sub-line item number(s), and accounting classification reference number(s) for each remittance included in the SF 215 total). The disbursing office shall complete the "Office Charged" portion of the SF 1080 by charging \*\*F3875, Budget Clearing Account (Suspense), assigning the voucher number, and processing the voucher as a disbursement and a collection. The SF 1080 shall be recorded on the DD Form 2657 as a Gross Disbursement (line 4.1A) and a Reimbursement (line 4.1E).

C. Lockbox Debits. The bank will issue an SF 5515 to the disbursing office to

process a decrease resulting from duplication of a deposit, dishonored checks, or adjustments to deposits erroneously credited. The bank will forward dishonored checks with the SF 5515 for processing.

#### 2406 ON-LINE PAYMENT AND COLLECTION (OPAC) SYSTEM

240601. Applicability. This section describes the OPAC procedures for simultaneous on-line billing and collection of intragovernmental transactions between two Government agencies. It also identifies general requirements and technical specifications prescribed by Treasury for those agencies subscribing to the OPAC system. Within the DoD, disbursing offices desiring to subscribe to the OPAC system must request specific authorization from the Deputy Director for Finance, DFAS Headquarters, through the servicing DFAS Center.

240602. Background. The OPAC system, which is a component of the Government On-Line Accounting Link System (GOALS), establishes a standardized interagency billing and adjustment procedure via a telecommunications network. Under the OPAC system, the buyer-seller relationship between Government agencies requires only the transfer of funds from one agency to another. This is accomplished through the use of 8-digit agency location codes (ALCs) (4-digit DSSNs). Upon fulfilling the customer agency's order or requisition for services purchased or supplies shipped, immediate payment is accomplished by the billing agency crediting its own ALC and charging the customer agency's ALC. The OPAC system accomplishes the following: (1) eliminates receivables; (2) eliminates the paper flow between agencies; (3) eliminates the use of Treasury checks between agencies; (4) improves cash management; and (5) establishes Treasury as the collection agency.

#### 240603. Originating the Intragovernmental Transactions

A. Initiating the Order. The customer agency must include its ALC on all requisitions or order forms forwarded to the billing agency. This code identifies the customer agency to be billed for services or supplies. The billing agency will provide the customer agency with appropriate instructions for transmitting this informa-

tion. In addition, the customer agency is advised to include sufficient descriptive information on the requisition or order form which the billing agency will place in the description section of the bill. This will enable the customer agency to match the bill with the originating requisition when the bill is received on the customer's computer system.

B. Initiating the Automated Interagency Bill. Normally, the billing agency performs the request and notifies their accounting office that they can bill the customer agency for goods or services. The accounting office will input the billing information directly into the system. Specific instructions for logging onto the system are provided in the OPAC Users Manual. The system is menu driven and user-friendly. Data entered is the customer's ALC, amount of the bill, appropriation account to receive the transfer, and a description of the bill. The system will automatically issue a billing OPAC Billing Document Reference Number. The system ensures that no two bills have the same number. A collection voucher (i.e., a DD Form 1131) shall be prepared for each bill entered in the system and processed through the disbursing office in the same manner as other collection vouchers except that no check or cash payment is received. The collection is recorded on lines 2.8 and 4.1E of the DD Form 2657 and on lines 2.39 and 4.1 of the SF 1219. Refer to chapter 19 of this Volume for instructions on preparation of these forms.

C. Transmitting/Receiving the Bill. The system is updated overnight. Customer agencies on the OPAC system can print out their bills at their site the day after the bills are entered into the system by the billing agency. However, all ALCs billed receive a microfiche of these bills, regardless of whether the ALC is on the system.

240604. Billing and Collection Cycle. Billing and collection are accomplished simultaneously by the OPAC billing agency. Billing agencies have through the 24th calendar day of each month to enter bills for that month. Customer agencies have through the 28th calendar day of each month to enter adjustments to bills.

240605. Recording Automated Interagency Bills in Administrative Accounts. The customer

agency will verify the accuracy of each bill in the system. The customer agency will then record the payments applicable to its appropriation or fund symbols as of the payment date reflected in the system. A disbursement voucher (i.e., an SF 1034) shall be prepared for each bill and processed through the disbursing office in the same manner as other disbursement vouchers except that no check or cash payment is made. The disbursement is recorded on lines 2.8 and 4.1A of the DD Form 2657 and on lines 2.39 and 4.1 of the SF 1219. Refer to chapter 19 of this Volume for instructions on preparation of these forms.

A. End of Month Reporting. At the end of each month, both the customer agency and the billing agency must include the NET TOTAL amount of all bills and adjustments for its ALC on its DD Form 1329, Statement of Transactions for the current payment month. Bills entered on the system from the 24th of the previous month through the 24th of the current month and adjustments entered from the 28th of the previous month through the 28th of the current month will be included in the net total for that month. Agencies are advised to print out the reports of bills and adjustments at the end of each payment month prior to preparation of the DD Form 1329.

B. Monthly Reporting of Differences by Treasury to Agencies. Treasury will compare the customer and billing agencies' DD Form 1329 with the OPAC data and will also compare the OPAC data with the SFs 1219 from ALCs participating in OPAC transactions. If there is a difference, a TFS Form 6652, Statement of Differences, Disbursing Office Transaction will be generated. This statement is prepared by Treasury and mailed monthly to each agency that has a difference in reporting for the accounting period. Also accompanying the TFS Form 6652 will be a "Monthly Register of Transactions," which gives a detail of all transactions charged against a particular ALC. Agencies will investigate the differences and make the necessary corrections on their next DD Form 1329.

C. End of Fiscal Year Reporting by OPAC Customer Agencies. OPAC charges to the customer agency's ALC will be reported to the applicable appropriation or fund symbol for the fiscal year to which it relates. If, at the end of a fiscal year, a customer agency does not have

sufficient time to determine the amount of an adjustment for its regular monthly reporting on the DD Form 1329, the agency should include the erroneous charge to its regular appropriation or fund symbol. When the amount of the adjustment is determined, a refund receivable account should be established in its regular appropriation or fund symbol for yearend reporting on the TFS Form 2108, Year-End Closing Statement. Such receivables should be cleared in the subsequent fiscal year by adjusting the amount to the OPAC billing agency and crediting the appropriation or fund symbol charged on its regular monthly reporting on the DD Form 1329.

D. End of Fiscal Year Reporting by OPAC Billing Agencies. On the TFS Form 2108, the OPAC billing agency will establish and report an accounts payable for an amount equal to the amount of adjustments against the related appropriation or fund account of the OPAC billing agency.

240606. Adjustments of Erroneous Charges. Both the billing and customer agencies should recognize that the system cannot tolerate uncontrolled charges or adjustments. OPAC agencies should be diligent in their billing procedures and customer agencies should use the adjustment procedure only when they have been charged in error under the OPAC system. The adjustment procedure should not be used to adjust charges that originated under other billing systems. OPAC billings are rendered for services purchased or supplies shipped. A charge should not be considered erroneous simply because the customer agency receives the paid billing statement before supplies are received. If the customer agency subsequently finds that the charge was erroneous, the adjustments should be made at that time; however, the customer agency is limited to three months, upon receipt of its OPAC statement, to process the adjustment. The billing agency should be advised of the considerations underlying each adjustment. First, the billing agency representative should be contacted. The telephone number of the billing agency's representative appears on the top of the OPAC bill. A customer agency must input an adjustment into the system on or before the 28th of each month for that adjustment to be included in that month's net total. Otherwise the adjustment will be reflected in the subsequent month's net total. The billing agency has 90 days to

respond to the adjustment submitted by the customer agency. In cases where the billing agency concludes that the adjustment (or a portion thereof) was improper, it must communicate this to the customer agency, preferably by telephone. When agreement is reached, a second OPAC bill will be prepared charging the proper amount. Since OPAC is an on-line, interactive system, the edit program does not allow entry of invalid ALCs. However, it is possible for an OPAC agency to prepare a bill to a valid but incorrect ALC. Therefore, erroneous charges will only involve differences concerning the dollar amount charged or the bill itself. If the customer agency is on the OPAC system, it will adjust the erroneous charge using the following procedures:

A. The customer agency will access the OPAC automated system and make the menu selection for OPAC adjustments. The OPAC system will guide the user with prompts. The user will enter the original billing agency's ALC, the amount of the adjustment, the original document reference number, the originating accomplished date, and description. If the original biller's ALC is an invalid ALC, the OPAC system will stop further entry of data and return to the OPAC main menu. The OPAC system contains an edit to ensure that the original billing agency did issue the document reference number cited in the prompts. If there is a disagreement, the system will give the user the option to stop. Once the data is entered correctly, the system will issue an OPAC Adjustment Voucher Number unique to each transaction.

B. If the customer agency is not on the OPAC system and therefore cannot make adjustments via OPAC, it will prepare a hard copy SF 1081 and follow the procedures of that system.

240607. Basic Criteria to Access the OPAC System. In order for billing and customer agencies to use the OPAC system, the following are required:

A. A terminal with modem and auxiliary 80-character minimum printer is needed to dial into the commercial time-sharing service to access the system. There are a variety of terminals that can be used for this purpose.

B. Agencies must be assigned an ID and password that will allow them to access the system.

240608. Restrictions. The Treasury reserves the right to (1) make any adjustments centrally in Treasury's Central Accounting System and (2) to remove any agency from OPAC in those instances when the agency fails to comply with the rules and regulations set forth by Treasury.

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## CHAPTER 25

★QUESTIONABLE, FRAUDULENT, AND DOUBTFUL CLAIMS2501 ADVANCE DECISIONS FROM THE COMPTROLLER GENERAL

★250101. General Rule for Nonpayment of Claims. Any claim presented for payment which the DO believes to be illegal or improper should not be paid. This section provides the DO with authority to refuse to make such payments and the procedures to follow when refusal to make payment occurs. Refusal to make payment is an undesirable procedure when it is based solely upon lack of knowledge or the unwillingness to ascertain the proper course of action from the proper authority.

250102. Application for Decision

★ A. Authority. Under Title 31, United States Code, section 3529 (reference (o)), a DO may request an advance decision from the Comptroller General of the United States on the propriety of any prospective payment. The Comptroller General is required to render a decision on questions presented under this statute. Also, such a decision is to govern the Comptroller General in the settlement of the account containing the disbursement. This statute does not provide for the rendering of decisions to the DO on questions of law pertaining to payments which have already been made or upon hypothetical cases.

★ B. Content. The statute requiring the Comptroller General to render an advance decision contemplates a presentation to the Comptroller General, when the question is one of law, of all the material facts necessary for its determination. When the question is one of fact, it contemplates a presentation of all the material evidence obtainable by the officer making the request. The specific point upon which the decision is desired and the reason for requesting the decision shall be stated. The document in question, appropriately certified, shall be made an enclosure to the request. As a general rule, the Comptroller General renders decisions only when the request is accompanied by a specific claim or voucher (legible copies are now acceptable). When a provision of the United States

Code is mentioned in the request, the number of the section shall be given. For example, section 3527, Title 31 United States Code should be shown as "3527, 31 U.S.C." When a provision of the Statutes at Large is mentioned, the date of the act and the number of the volume and page shall be given. For example, the act of March 26, 1934 should be shown as "act of March 26, 1934 (48 Stat. 466, 467)." When an Executive Order is mentioned, the number and date of the order shall be given. For example, Executive Order 9210 should be as "Exec. Order 9210, Aug. 1, 1942."

★ C. Forwarding of Requests. DOs shall submit requests for advance decisions to the Office of the General Counsel, U.S. General Accounting Office, 441 G Street, NW, Washington, DC 20548 through their chain of command and the servicing DFAS Center. DOs under the cognizance of the DFAS Columbus Center shall submit their requests through their chain of command and the Columbus Center, regardless of the applicable DSSN assigned. Prior to forwarding a request to DFAS Headquarters, Center Directors shall ensure the case file includes the legal review mandated by DFAS Regulation 005 (reference (ax)).

250103. DFAS Actions. Cases involving entitlement questions that clearly appear to have been authoritatively decided may be returned to requestors by the DFAS Centers or by DFAS Headquarters with advice that an advance decision is not necessary. An entitlement interpretation from anyone other than the Comptroller General, however, does not remove a DO's liability for illegal, incorrect, or improper payments, except for claims of \$100 or less. Therefore, DFAS Center and DFAS Headquarters responses shall indicate the advisory nature of their responses and shall advise requestors that resubmission may be made through the servicing DFAS Center. In lieu of requesting a decision from the Comptroller General for claims of \$100 or less, DOs may rely upon written decisions from the DFAS Centers authorized by reference (ax) to settle such cases. The GAO will consider decisions rendered under this procedure to be



conclusive in the settlement of accounts. A copy of the memorandum containing such a decision shall be attached to the voucher.

#### 250104. Decisions of the Comptroller General

A. Payment in Question. An advance decision is conclusive only as to the particular payment involved in the question presented. A statement made by the Comptroller General in an advance decision upon a statement of facts submitted by a DO, which is broader than the stated facts rendered necessary, is not binding in the settlement of the accounts of a DO.

★ B. Affecting Other Payments. An advance decision of the Comptroller General in a particular case takes effect from its date, but the principles enunciated in decisions of the Comptroller General are applicable to all cases arising under the statutes, whether occurring before or after the date of the decision. A new construction of the law, contrary to former rulings, applies to disbursements and computations made subsequent to the date of such decision or to the date a DO receives notice of such decision, provided reasonable diligence was exercised to obtain notice.

#### 2502 FALSE, FICTITIOUS, OR FRAUDULENT CLAIMS

250201. Determination of Fraud. It is difficult to prescribe exact rules for determining the existence of fraud or misrepresentation, since the question of whether fraud exists depends on the facts in each case. Although it is the claimant's responsibility to accurately complete a claim to ensure proper payment, it may not be automatically assumed that the claim is fraudulent simply because it is not prepared according to the requirements of publications such as the Joint Federal Travel Regulations or the Joint Travel Regulations. Many innocent mistakes are made in the completion of claims, and not every inaccuracy on a claim form should be equated with an intent to defraud the Government. Where discrepancies are minor, small in total dollar amounts, or where they are infrequently made, a finding of fraud would not normally be warranted, lacking the most convincing evidence to the contrary. However, such errors should be discussed with the claimant and corrected. Where discrepancies are glaring, involve great

sums of money, or are frequently made, a finding of fraud could be more readily made, lacking a satisfactory explanation from the claimant. The DO, in ensuring the propriety of all payments made, is primarily responsible for determining the existence of fraud. For example, in 57 Comp. Gen. 664 (reference (ay)), the Comptroller General ruled that in connection with a claim for travel expenses containing items based on fraud, only those items free of fraud may be paid. Examples of individual items claimed on a single travel claim include transportation for each leg of travel performed at the traveler's expense, lodging expenses, and each miscellaneous expense incurred. Per diem allowance is divided into three separately distinct categories (lodging, meals, and incidental expenses). For any day on which a claimant submits a fraudulent lodging receipt, the claimant forfeits the lodgings portion of the per diem allowance for the day or days that the lodging receipt represents. If a meal or an item of incidental expense for a particular day is fraudulently claimed, the meal or incidental allowance portion of per diem for that day shall be denied. Payment of per diem allowances for other days which are not supported by a fraudulent lodging receipt, or for other expenses not tainted by fraud, may be made. This rule applies whether per diem is computed on an actual expense basis or under the lodging plus a fixed fee basis. The average cost of lodging, when applicable, shall be computed by assigning a value of zero to those days for which a fraudulent lodging receipt is submitted. The pro rata share of per diem for the day of return from travel shall be computed on the same basis. When making final settlement on a travel claim for which partial payments have been made on the basis of fraud, the amount of earned entitlements for the entire period of travel shall be computed by disallowing any items based on fraud. If the total entitlements thus computed are less than the amounts previously paid, the difference shall be recouped from the claimant. Similar procedures shall be followed upon final settlement of travel claims on which advances have been paid. If, after disallowing all fraudulent items, the remaining entitlement is less than the amount of the advance, the excess advance shall be recouped.

★250202. Required Action When a Suspected Fraudulent Claim is Presented for Payment. When there is reason to suspect that a claim

presented for payment contains fraudulent information, the DO shall request his or her commander to initiate an investigation into the suspected fraud. The requirement to request the commander to initiate an investigation applies regardless of the dollar value of the suspected fraud. Arrangements shall be made to provide the DO with a copy of the completed investigation. Unless otherwise directed by the investigating office, the DO shall retain the claim and all supporting documentation for possible use in any disciplinary action taken by the claimant's commander. An ultimate finding of fraud is not dependent upon legal or disciplinary action. Primary responsibility for that determination rests with the DO. If, in the opinion of the DO, the investigating office's report does not support a finding of fraud, payment shall be made for all amounts to which the claimant is entitled. No further action need be taken, but the DO should document the reasons for the determination. The DO may be called upon from time to time to furnish this documentation in order to provide an indication of whether the guidelines are being uniformly applied throughout the DoD. If, in the opinion of the DO, the investigating office's report confirms that some items of the claim are fraudulent, payment of those items free of fraud may be made. Once payment has been made for that portion of the claim free of fraud, if the claimant then protests the determination of fraud and insists on payment of the entire claim, the claimant may submit a new claim for the items denied because of fraud. The DO shall process the reclaim for the items denied as prescribed in paragraph 250205 below.

★250203. Required Action When It Is Discovered That a Fraudulent Claim Has Been Paid. If after payment of a claim the DO discovers or is provided information suggesting that a claim was paid based on fraudulent information or documents, the DO shall review the retained copy of the claim to determine whether or not the claim was tainted with fraud. If the claim is still suspected of being tainted, the DO shall immediately initiate action against the claimant to recover the illegal, incorrect, or improper payment as prescribed in Part II of this Volume and request his or her commander to initiate an investigation. The requirement to request the commander to initiate an investigation applies regardless of the dollar value of the suspected fraud and includes illegal, incorrect, or improper

payments made as a result of issuing recertified payments where the payee negotiated both the original and the recertified check. Arrangements shall be made to provide the DO with a copy of the investigative report. In accordance with the requirements of the GAO, a report by the DO shall be made to the servicing DFAS Center upon initial disclosure that an illegal, incorrect, or improper payment has been made on the basis of fraud. The report shall contain a basic statement of the irregularity, date, amount, and identification of the individual(s) involved. Upon completion of final action (recoupment, investigation, etc.), a second report shall be forwarded. An ultimate finding of fraud is primarily the responsibility of the DO, who shall utilize the criteria in paragraph 250201 above in making a decision. If, in the opinion of the DO, the report of investigation does not support a finding of fraud, repayment shall be made for all amounts recouped from the claimant, if otherwise entitled, and this information shall be included in the second report. If, in the opinion of the DO, the report of investigation confirms that some or all items of the claim are fraudulent, no repayment of those items recouped may be made and the second report shall contain a citation of the applicable contract number (or travel order number, etc.), voucher number, date of payment, appropriation charged, and a description of the supporting documentation; a description of how the fraud was committed; a description of procedural deficiencies in the disbursing office, if any, and the action taken to correct the deficiencies; and, information as to recoupment effected or contemplated from the recipient of the payment. Except under unusual circumstances, reports shall not be classified or made in message form. No report is required if the fraud is detected prior to any payment being made. Should a claim in the form of a reclaim be received for any part or all of the amount recouped because of an illegal, incorrect, or improper payment of any voucher item obtained by fraud or misrepresentation, such reclaim shall not be settled by the DO, but shall be processed as prescribed in paragraph 250205 below. In no case shall submission of the reclaim or recoupment of amounts paid be deferred pending final determination on the claim.

★250204. Corrected Claims. When it is established, or it reasonably appears, that a claimant has submitted a fraudulent claim, and upon

discovery of the fraud, the claimant submits a corrected claim for those items previously suspected of being fraudulent, such claim shall not be paid by the DO. However, if the claimant persists in having the claim processed, the claim shall be processed as prescribed in paragraph 250205 below.

★250205. Reclaims of Items Disallowed or Recouped Due to Fraud. The DO shall forward reclaims of items disallowed or recouped due to fraud to the GAO (Claims Division) through the DO's chain of command and the servicing DFAS Center. If the entire claim was denied, the original claim shall be submitted. The completed claim shall be accompanied by a covering letter or memorandum from the DO stating specific information as to why the claim is considered fraudulent, and the statement: "I have not made payment and will not make payment in the future unless authorized by competent authority"; the original and 2 copies of all supporting documents and the orders with all endorsements if travel is involved; a copy of the payment voucher on which payment was made for the items free of fraud, if applicable; a copy of the report of investigation; and, a statement by the claimant supporting the claimant's belief that the claim is not fraudulent. A statement by the claimant's commander may be submitted at the option of the claimant. By endorsement to the DO's letter or memorandum, the DO's commander shall state an opinion on the case either in support of the DO or of the claimant.

250206. Accountability for Amounts Paid Due to Fraud. Most instances of fraud occur when a military member or civilian employee, whose identity is clearly established, submits a claim containing information known to be false. On some occasions, payments are made to individuals whose true identity cannot be determined. In some cases, a fictitious name is used by the individual committing the fraud. In other cases, the name of an actual military member or civilian employee may be used. In any of the above situations, an occurrence of this nature shall be reported and investigated as prescribed in chapter 06 of this Volume as an irregularity in the DO's account. The DO shall account for an irregularity caused by fraud as appropriate for the situations described in the following subparagraphs.

A. When the fraud is discovered prior to the submission of the monthly financial reports for the period during which the payment was made, the applicable voucher shall be reversed and withheld from the reports, and a loss of funds recorded in the DO's accountability (the DO still has the original payment document).

B. When the fraud is discovered after submission of the monthly financial reports which included the payment, the DO shall not adjust the accountability unless specifically directed to do so by the servicing DFAS Center.

250207. Relief of Liability. Requests for relief of liability for illegal, incorrect, or improper payments caused by fraudulent claims shall be submitted as prescribed in chapter 06 of this Volume. Generally, the Secretary of Defense has authority to grant relief when illegal, improper, or incorrect payments were caused by the fraudulent acts of disbursing personnel (DO, DDO, agents, cashiers, collection or paying agents, etc.) and the fraudulent payment is treated as a physical loss of funds. Only the Comptroller General may grant relief of liability if the illegal, improper, or incorrect payments were not the result of fraudulent acts by disbursing office personnel.

#### 250208. Fraud Alert Reporting System

A. General. The Fraud Alert Reporting System is used only when an attempt to commit fraud has occurred or when a high vulnerability to fraud exists. Many of the incidents described in this paragraph are perpetrated by individuals who represent themselves as transient employees.

B. Action by DO. When it is determined that an employee is suspected of obtaining a fraudulent payment (pay, travel, or any other miscellaneous payment) by use of bogus documents and/or identification, DOs shall immediately notify the servicing DFAS Center by priority message. An information copy shall be forwarded to all the other DFAS Centers. A fraud alert report is also appropriate when a DO foresees a strong possibility of fraud being attempted by an unauthorized absentee who is knowledgeable in disbursing or pay and personnel matters. A fraud alert report shall provide a

description of the individual(s) involved in the fraud and details relating to the commission of the fraud with the expectation that this information will forewarn disbursing personnel and enable them to recognize fraudulent acts and thereby avoid losses. Reports of missing luggage, burglarized automobiles, and unauthorized absence of personnel in the lower pay grades usually have no value in preventing fraud. The guidance in the following subparagraphs is provided for DOs when submitting a fraud alert report.

1. Address the fraud alert report message only to the servicing DFAS Center with the other DFAS Centers as information addressees.

2. Report fraudulent payments that have been made to anyone, especially transients, giving a description of the perpetrator, describing the type of documents used to establish fraudulent entitlement, explaining how the fraud was committed, and expressing an opinion on the likelihood of the perpetrator attempting future fraud. The description should include: name (plus known aliases); rank or rate; SSN; race; age; height; weight; color of eyes/hair; and, distinguishing characteristics and/or body marks.

3. Under no circumstances shall DOs address a fraud alert report to any activity other than the servicing DFAS Center.

4. Submit a fraud alert report for unauthorized absence of personnel only when the following three criteria are met.

- a. The employee has possession of documents such as pay records, orders, vouchers, blank checks, etc., which could be used to obtain fraudulent payments.

- b. The employee has knowledge of pay and personnel procedures necessary to commit a fraudulent act.

- c. The employee has a motive to commit fraud such as facing disciplinary action, past history of substance abuse, presently encountering personal or financial problems, or past/suspected involvement in fraud or embezzlement.

C. Action by DFAS Center. Upon receipt and evaluation of the fraud alert report, the servicing DFAS Center shall issue a Fraud Alert Warning to all DOs. Fraud Alert Warnings should be held for 1 year unless they are canceled by the issuing DFAS Center.

#### ★2503 CLAIMS AGAINST THE GOVERNMENT

The Act of October 9, 1940 (54 Stat. 1061; 31 U.S.C. 3702) (reference (o)) provides that any claim against the United States shall be forever barred unless such claim, bearing the signature and address of the claimant or an authorized agent or attorney is received by the GAO within 6 full years after the date such claim first accrued. This act required such claims to be forwarded to GAO for recording purposes and that GAO return the claims to the submitting office for payment, denial, or referral back to the GAO for adjudication. Effective June 15, 1989, the Act was amended to provide that claims may be timely filed with the agency through which the claim arose, as well as with the GAO. Thus for claims that were not already barred as of June 15, 1989, filing of a claim with the appropriate agency within 6 years of the date the claim accrued will be effective to suspend the statute of limitations. Moreover, GAO has held that claims that were filed with the agency prior to June 15, 1989, and which were not barred as of that date, are considered to have been constructively filed with the agency as of June 15, 1989, so as to suspend the statute of limitations. Consequently, there is no longer a need to have claims recorded with GAO. Payment of claims to carriers for transportation services are further limited by 31 U.S.C. 3726 (reference (o)).

#### 2504 CLAIMS FOR SETTLEMENT BY THE GENERAL ACCOUNTING OFFICE

★250401. General. Title 4, chapter 2, section 5 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies (reference (x)) requires certain classes of claims against the United States to be adjudicated by the Claims Division of the General Accounting Office before payment is made or denied. The following classes of claims may not be paid or denied administratively, but must be forwarded to the Office of the General Counsel, U.S. General Accounting Office, Claims Division, 441 G Street

NW, Washington, DC 20548, for adjudication, unless otherwise specifically provided by law:

A. Claims which involve doubtful questions of law or fact except those under \$100, as provided below, and claims which have been the subject of an advance decision of the Comptroller General, in which case a reference to the decision must appear on the voucher supporting the payment. Note: When a claim contains items which involve doubt and items which the agency can settle administratively, only the doubtful portions over \$100 should be referred to GAO for settlement.

B. Claims, regardless of doubt, which are required by statute, by GAO regulation, or by decision of the Comptroller General, to be settled in the General Accounting Office before payment is made or denied.

C. Reclaims of items previously denied by the administrative agency, unless it is determined administratively that the action taken was clearly in error and properly can be corrected by the agency. Reclaims include items for which payment is denied based on existing regulations as well as items which have been paid but subsequently determined as non payable based on existing regulations when the claimant wishes to obtain further review of the determination to deny the claim or the determination to recoup the payment as non payable. A reclaim also includes items denied or recouped as a result of fraud as described in section 2502 above. A claim must be filed with the GAO or the department or agency out of whose activities the claim arose within 6 years after the date it first accrued or be forever barred.

D. Claims which appear to be barred by an applicable statute of limitations at the time of receipt by an agency.

The GAO defines a claim as doubtful when in the exercise of reasonable prudence either a person having final responsibility for deciding appropriate administrative action or the person who, in accordance with applicable statutes, will be held accountable if the claim were paid and then found to be incorrect, illegal, or improper, is unable to decide with reasonable certainty the validity and correctness of the claim. Claims of \$100 or less, involving doubtful questions of law

or fact, may be settled by the agency in which the claim arose, relying upon written advice from an agency official designated by the head of each the agency to provide such advice. If paid, a copy of the document containing such advice should be attached to the voucher, and the propriety of any such payment will be considered conclusive on the General Accounting Office in its settlement of the accounts involved. The Director, DFAS and the Directors of the DFAS Centers or their designees are authorized to settle doubtful claims of \$100 or less.

#### \*250402. Claim Submission Procedures

A. General. All claims shall be submitted on an individual voucher basis through the use of the appropriate voucher form. Each claim voucher shall identify the payee by name and either Social Security or Employer's Identification Number, as appropriate, and shall be supported by a claim over the signature and address of the claimant. When the entire amount due is recommended for setoff, the claim voucher may be submitted without a supporting claim. The claimant may state the claim directly on a dealer's bill or public voucher. Claim vouchers with supporting documents shall be submitted under a transmittal letter to the servicing DFAS Center. Vouchers covering claims chargeable to either lapsed or available appropriations shall be submitted in the original with sufficient copies for regular distribution, plus one extra copy for retention by the GAO (Claims Division). Claims for payments due deceased civilian employees shall be processed as prescribed in Volume 8 of this Regulation.

B. Voucher Preparation. The voucher shall contain: the name and current address of the claimant or assignee; the appropriation and other accounting data chargeable; a statement as to the purpose of the payment; a citation of the contract number, previous voucher payment(s), project order, and any other data required to process the voucher; an explanation of the difference when the recommended amount of payment is different from the amount claimed; and details regarding setoff as provided in subparagraph 250402.D above.

C. Letter of Transmittal. The letter of transmittal shall include: a statement of facts surrounding the claim; the reason for forwarding

the claim and an explanation of the doubtful aspects; a recommendation and the reason therefor or a statement that there is no specific recommendation and the reason no recommendation is made; and a statement that the DO has not paid and will not pay the claim until authorized to do so.

D. Setoff. In all cases involving setoff, 1 additional copy of the voucher shall be submitted. When it is recommended that an amount be allowed with a certain amount to be set off, the voucher shall show the amount recommended for setoff and the complete accounting data to be credited. A statement shall also be furnished showing the basis for the setoff in sufficient detail to permit adequate explanation to the claimant. If no recommendation can be made as to the amount to be set off, the amounts will be inserted on the voucher by the GAO.

250403. Review of Claims. The claims shall be reviewed by the servicing DFAS Center to determine that the claim is complete as prescribed in this section and that the claim is otherwise proper for submission to the GAO. If submission of all or a major part of the claim to the GAO is not required, the claim shall be returned to the submitting office with advice that all or a major portion of the claim be paid locally, a citation to the regulations that authorize or provide for such payment, and a statement, if applicable, that the doubtful portion of the claim should be resubmitted.

250404. Payment of Claims After Approval by the GAO. Approved civilian or military pay claims shall be forwarded by the servicing DFAS Center to the appropriate office for payment. All other approved claims shall be paid by the servicing DFAS Center. Copies of vouchers covering approved claims paid against available appropriations shall be distributed in the same manner as other comparable vouchers. One copy of vouchers covering approved claims paid against successor appropriations shall be forwarded to the payee, one copy shall be forwarded to the office which administers the successor appropriation involved, and one copy shall be forwarded to the accountable activity.

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## CHAPTER 26

★AUTOMATED TELLER MACHINE (ATM) SYSTEM★2601 THE ATM SYSTEM

The ATM System is a pay delivery system aboard Naval ships and at selected installations which accepts an electronic transfer of net pay and allowances due to each account holder. Account holders can then withdraw the funds at ATMs located on the ship or installation in the same manner as account holders withdraw funds from their personal bank accounts through ATMs. This chapter prescribes the mandatory disbursing policy and procedures for maintaining accountability for the funds in the ATM system. Detailed procedures for operation and maintenance of the system are contained in the ATM Users Documentation and Student Training Manual provided with the system.

2602 ATM FUNDS ACCOUNTABILITY

260201. General. Funds within the ATM system are the personal funds of the individual members, afloat units, or private organizations who have established ATM accounts. When funds are deposited into the accounts, the DO assumes accountability for these funds. The DO then maintains custody of the funds for all account holders in accordance with this chapter.

★260202. Loss of Funds. The DO is accountable for all funds on deposit in the ATM accounts. Any shortage of funds that is discovered when balancing the system during an end-of-session for ships or daily for installations (including all ATM shortages which occur as a result of an ATM dispense error) shall be handled as a physical loss of funds as prescribed in chapter 06 of this Volume. The DO or accountable deputy or agent may request relief of liability for the loss as provided in chapter 06 of this Volume. The DO shall retain copies of all documents that would substantiate the loss of funds. If any account holder has funds withdrawn from the account due to the negligence of the card owner (such as when an ATM card is stolen and the card owner wrote the personal identification number (PIN) on the card), the DO is not accountable for the loss. The account holder may attempt to recover the loss by filing a claim for

loss or damage of personal property as prescribed in the Manual of the Judge Advocate General.

★260203. Overage of Funds. Any overage of funds discovered when balancing the system during an end-of-session for ships or daily for installations (including all ATM overages which occur as a result of an ATM dispense error) shall be handled as prescribed in chapter 06 of this Volume for overages. The DO shall retain copies of all documents that would substantiate the overage of funds.

2603 ATM SECURITY

★260301. ATM Physical Security. The ATMs are considered to be safes. The security instructions regarding the use of safes in chapter 03 of this Volume shall be followed except that ATM TL-15 safes are authorized to hold \$130,000 vice the \$50,000 normally authorized for TL-15 safes. The ATMs shall be installed in well lighted, heavily traveled spaces. The ATMs may be alarmed and video surveillance cameras installed to deter unauthorized entry at the ship or installation commander's discretion. The ATMs do not have a self-contained alarm system, but have an alarm that may be connected to an existing ship or installation security alarm system, if available. Since ATMs require moving large amounts of cash about the ship or installation, all security instructions in chapter 03 of this Volume regarding protection of currency in transit shall be followed. Each ATM shall be in the custody of the DO or a deputy, agent, or cashier who currently maintains a safe in the disbursing office. This person shall be responsible for balancing and replenishing the cash in the ATM. Only this person shall know the combination to the ATM safe. Keys that are used to gain access to any compartment of the ATMs or cash canisters shall be kept in the DO's safe at all times when not in use. Their use by any person other than the DO shall be recorded in a log showing the date, time and signature of the person to whom the keys are released and the date and time of their return.



★260302. Passwords and Security Levels. The DO is responsible for assigning password security levels and all responsibilities associated with maintaining proper password security. The DO shall assign each member of the disbursing office involved with the ATM system in any manner, the appropriate password security level. The functions permitted by each of the password security levels for the ATM at Sea system are provided in table 26-1. The DO shall be assigned the master password security level which allows access to everything related to the operation of the ATM at Sea system with the exception of discovering the other users' passwords or account holders' PINs. After the DO assigns the appropriate password security level, each member of the disbursing office involved with the ATM at Sea system shall secretly choose a password via the ATM terminal. This password shall allow the operator access to the ATM system to perform the functions authorized by the assigned security level. The system shall recognize the operator and record all transactions performed. Passwords shall be changed every six months, when disbursing office duties are changed, or when an operator believes a password has been compromised. Under no circumstances shall any system operator passwords be written anywhere, placed in a sealed envelope, or be known to any other person.

#### 2604 DISBURSING OFFICER RESPONSIBILITIES

260401. Letters of Appointment. All personnel who are required in the performance of their official duties to gain access to the ATM system, the ATMs, or handle cash in connection with the ATMs, shall be appointed by the DO in writing. The letter of appointment shall list the specific duties which the individual is authorized to perform. Authority to perform ATM tasks shall be limited to only the appointed duties. The appointment shall be endorsed with the appointee's acknowledgment of acceptance of the duties. Potential appointees include, but are not limited to, deputies, agents, and cashiers. Personnel appointed as custodians of ATMs and responsible for balancing and replenishing the cash in ATMs are accountable for public funds under the same provisions as prescribed for the DO, deputies, agents, and cashiers.

260402. Custody of Blank ATM Cards. The DO is responsible for maintaining proper custody of all blank ATM cards. The ATM cards shall be safeguarded as prescribed in chapter 07 of this Volume for blank Treasury checks. The DO may delegate the responsibility for custody of blank ATM cards to a deputy DO. This delegation must be made in writing. The DO or designated deputy shall maintain a bulk ATM card log which contains the ATM card number, name, date and signature of the person to whom working stock of blank ATM cards are issued. Unused working stock shall be returned to the DO or deputy at the end of each day. All blank ATM cards shall be inventoried at the end of every month and an entry made in the bulk ATM card log to document the inventory.

260403. Issue of ATM Cards. The DO may delegate the authority to issue ATM cards when new accounts are opened. This delegation of authority shall be made in writing. When blank cards are issued to this authorized individual, an entry shall be made in the bulk ATM card log as prescribed in the previous paragraph. The individual authorized to issue individual ATM cards shall maintain a separate card issue log containing the card number, name and SSN of card owner, issue date, signature of the recipient, date destroyed, and the name and signature of the issuer.

260404. Disbursing Office Instructions. The DO shall include ATM operating and security procedures in local written disbursing office instructions. Included in the ATM operating procedures are payroll preparation, transfer, and balancing procedures; special payment procedures; ATM replenishment procedures; ATM balancing procedures; ATM card issue procedures; and, ATM card turn-in procedures. The DO shall also include the ATM security procedures in the ship or installation security instructions.

#### 2605 ATM ACCOUNTS

##### 260501. Establishing ATM Accounts

A. Initial ATM Card Issue When ATM System Is Installed. Before the first ATM payday, authorized disbursing personnel shall establish an ATM account and issue an ATM card and PIN to all members who will be using

the ATMs. For this initial payday only, the ATM system shall automatically assign a card number to each member who is in the payroll file transferred from the payroll system to the ATM system. The DO shall ensure that each member personally receives and signs for his or her own ATM card. The DO shall also ensure that each member is positively identified and signs the ATM Card Report when receiving the ATM card.

B. New Accounts. After the initial ATM payday when all account holders that have ATM accounts have had their accounts established, there will be a need to establish accounts for newly reported personnel, personnel participating in DD/EFT desiring to participate in the ATM program under the split-pay option, or personnel who lose their ATM card or forget their PIN. The DO shall include procedures for opening new accounts in the official disbursing office instructions. Any cards issued after the initial distribution shall be recorded in the individual ATM card issue log as described in paragraph 260403 above. Authorized disbursing personnel shall add the card issue information to the ATM system via the Establish Account function of the system (except for the initial card issue prior to the first payday which is generated by the ATM system). Also, as described earlier, the DO must delegate in writing the authority to establish new ATM accounts.

★260502. Closed and Suspended Accounts. When account holders transfer from the activity (permanent change of station, discharge, etc.) or depart for an extended period of temporary duty (temporary duty of sufficient duration that the member will be dropped from the ship or installation payroll and included on the payroll of the temporary duty station), the ATM account shall be closed. Cards of transferring account holders shall be recovered and destroyed. An entry shall be made in the ATM card issue log to reflect the account holder's transfer and destruction of the card. Also, an entry shall be made in the ATM Card Report to indicate date and card destroyed. The ATM accounts of unauthorized absentees shall be suspended immediately (placed on hold). Deposits and withdrawals are not authorized while the account is in a suspended status. The appropriate reason for suspending the account shall also be annotated. The account shall remain in suspended status until the member has been officially reported as returned from

unauthorized absence on the daily muster report and all appropriate deductions and adjustments have been made to the member's pay account. If an unauthorized absentee is declared a deserter, all funds in the member's account shall be credited to the member's MMPA using the account adjustment procedures and the account shall be closed.

#### ★2606 ATM AT SEA SYSTEM SUSPENSE ACCOUNT

★260601. ATM at Sea Account Transactions. All transactions in the individual ATM accounts on ships (payroll transfers, deposits, withdrawals, and adjustments) are processed through a special suspense account entitled Suspense, Navy 17X6875.ATMS. The DO is responsible for maintaining an exact accounting of the funds in this suspense account. The DO shall maintain DD Form 2670, Automated Teller Machine (ATM) Ledger for the suspense account as shown in figure 26-1. The DD Form 2670 shall list all ATM deposit and withdrawal transactions (payroll transfers, deposits, withdrawals, and adjustments) and the current balance of the suspense account. The DD Form 2670 represents the DO's accountability within the ATM at Sea system in the same manner that the DD Form 2657 and the SF 1219 represent the DO's daily and monthly accountability to the Treasury. The DO shall update DD Form 2670 every time the ATM at Sea system is balanced (end-of-session). Any difference between the balance in the suspense account (which must be the same amount as the ending balance of the Grand Total Terminal Balance Report) and the total of the individual ATM accounts (account file balance) shall be considered either a physical loss or an overage of funds. If the ending balance is less than the account file balance, then a physical loss of funds exists. If the ending balance is more than the account file balance, then an overage of funds exists. Losses and overages of funds are irregularities in the DO's account and shall be reported and processed as prescribed in chapter 06 of this Volume.

★260602. Quarterly ATM at Sea Suspense Account Report. A quarterly ATM suspense account report shall be submitted to the respective DAO, FIPC prior to the 15th calendar day of the month following the end of each quarter. The ending balance shown on the report must agree

with the balance shown in the DD Form 2670 as of the end of the quarter. Any discrepancies shall be investigated and corrected prior to submission of the report, if practicable. If a discrepancy requires a correcting transaction in the current quarter, or if investigation of the discrepancy is not complete, an explanation of the discrepancy shall be included on the report. The quarterly ATM suspense account report shall be signed by the DO and shall contain the DSSN assigned to the activity; balance in the suspense account at the beginning of the quarter; total amount of collections (deposits) to the suspense account with subtotals for each month of the quarter; total amount of disbursements (withdrawals) from the suspense account with subtotals for each month of the quarter; balance in the suspense account at the end of the quarter; and, the signed certification: "I certify that the balance reported herein is in agreement with the DD Form 2670 maintained as prescribed by DoD Financial Management Regulation, Volume 5, Chapter 26." Figure 26-2 is provided as an example of a quarterly ATM suspense account report.

#### ★2607 BALANCING THE ATM SYSTEM

★260701. General Requirements. Complete balancing and reconciliation of the ATM at Sea system shall be accomplished **NOT** less frequently than: once each week; immediately before and after each payday; the last day of each month; and, at any other time when the DO suspects that an irregularity or system malfunction has occurred for the ATM at Sea System. Complete balancing and reconciliation of the ATM system shall be accomplished daily for all land installations. Balancing is accomplished by generating specific ATM system reports (referred to as end-of-session/daily reports); counting the cash on hand; replenishing the ATM cash canisters; collecting the ATM Journal Tapes and Receipt Printer Tapes; and comparing the cash on hand and/or suspense account balance to the system generated reports. The ATM Journal Tapes and Receipt Printer Tapes shall be retained for a period of 3 months after which they may be destroyed if no longer needed to resolve an ATM out-of-balance condition or to document an ATM pay discrepancy. During the report generation process, the ATM system is shut down. The DO must pay close attention to this process and accomplish the ATM balancing expeditiously

in order to avoid the perception that the system is out of order, which results in an inconvenience to the account holders as well as a loss of faith in the system's ability to secure and deliver their cash on an around-the-clock basis. With proper planning, generating the reports will become a routine function and should not interfere with the account holders' cash withdrawal habits.

★260702. Balancing Deputies, Agents, and Cashiers. Agents (deputies, agents, or cashiers) appointed as custodians of ATMs and agents appointed to perform ATM Terminal 99 functions for the ATM at Sea System shall be balanced as a part of the ATM balancing process. While the end-of-session for the ATM at Sea System report generation process is running, each individual appointed as a custodian of an ATM shall: retrieve the cash canisters from the ATM; return to the disbursing office, count the cash in the canisters, and prepare a DD Form 2672, ATM Cash Balance Sheet (see figure 26-3); replenish the cash in the canisters, if necessary; and, return the cash canisters to the ATM. The DO shall compare the DD Forms 2672 with the Grand Total Terminal Balance Report to ensure that the cash dispensed (as indicated by the report) is in agreement with the actual cash dispensed (as verified by actual count of the remaining cash in the canisters and subtracting this amount from the beginning cash balance loaded in the canisters during the previous end-of-session). If the agents' cash balances are not in agreement, the Terminal Balance Report shall be generated for the terminal or terminals involved to locate and correct the error. A copy of the DD Forms 2672 shall be attached to the retained copy of the SF 1034 or DD Form 117, Payroll Voucher, as appropriate, prepared to voucher the ATM transactions as prescribed in paragraph 260802 or section 2609 of this chapter, as appropriate. The original of the DD Forms 2672 shall be attached to the agents' daily accountability summary prescribed by chapter 19 of this Volume. To document the daily ATM at Sea Terminal 99 transactions which affect agents' cash balances, the DD Form 2671 (figure 26-4) shall be used. A copy of the DD Form 2671 shall be attached to the retained copy of the voucher prepared for Terminal 99 transactions as prescribed in paragraphs 260801.A and 260802.A of this chapter. The original of the DD Form 2671 shall be attached to the agent's daily accountabil-

ity summary prescribed by chapter 19 of this Volume.

★260703. End-of-Session Reports for the ATM at Sea System. End-of-Session is the process used to balance the ATM system and backup all data files and records. The backup tapes created during the end-of-session shall be kept in an office or space other than the disbursing office. A current backup copy would then be available from which to reconstruct the ATM accounts in the event fire or other catastrophe causes the loss of the current system data base. The end-of-session process can generate five reports to facilitate system balancing. Four of the reports (Grand Total Terminal Balance Report, Dispense Error Transaction Report, Disbursing Office Deposit Audit Report, and Excessive Activity Report) are mandatory and shall be generated during every end-of-session process. The fifth report (Terminal Balance Report) shall be generated as needed to resolve out-of-balance conditions.

A. Grand Total Terminal Balance Report. The Grand Total Terminal Balance Report provides all terminal summary totals required for ATM system balancing. The report shows by terminal the total deposits, DO withdrawals (Terminal 99), ATM withdrawals, and ATM adjustments. It also shows the grand total of all transactions since the previous end-of-session. The report provides an ATM system summary by indicating the beginning balance, the ending balance, and the monetary difference between the beginning and ending balance. This monetary difference must be equal to the grand total of all transactions since the previous end-of-session or the system is out-of-balance. The Grand Total Terminal Balance Report also provides the monetary balance of the account file (the total of the individual accounts). The account file balance and the ending balance must be the same. Note that these two balances must also equal the ATM at Sea suspense account balance shown in the DD Form 2670. Error messages and out-of-balance alerts are also printed on the report when the system detects an out of balance condition. Differences in the ending balance and the account file balance shall be accounted for as physical losses or overages of funds as described below. The Grand Total Terminal Balance Report shall be retained in a

separate file for a period of 1 year, then destroyed if no longer needed.

1. Physical Loss. If the ending balance is less than the account file balance, the resulting loss of funds shall be vouchered on a DD Form 1131 with credit to Suspense, Navy 17X6875.ATMS. The ending balance in the ATM system shall then be increased by the amount of the loss to ensure that the ending balance and account file balance are equal. The DD Form 1131 shall be recorded in the DD Form 2670. The DD Form 1131 shall also be recorded in the DD Form 2657 as a reimbursement (line 4.1E) and a loss of funds (line 7.3). The procedures in chapter 06 of this Volume for reporting and requesting relief of liability for physical losses apply.

2. Overage. If the ending balance is more than the account file balance, the resulting overage of funds shall be vouchered on an SF 1080 charging Suspense, Navy 17X6875.ATMS and crediting Budget Clearing Account, Navy 17F3875. The ending balance in the ATM system shall then be decreased by the amount of the overage to ensure that the ending balance and account file balance are equal. The SF 1080 shall be recorded in the DD Form 2670. The SF 1080 shall also be recorded in the DD Form 2657 as a gross disbursement (line 4.1A) and a receipt (line 4.1D). The procedures in chapter 06 of this Volume for reporting overages apply.

B. Dispense Error Transaction Report. The Dispense Error Transaction Report is used to track possible dispense errors. When the report indicates possible dispense errors, the DO shall print the Terminal Balance Report for the indicated terminal(s) and compare the ATM Journal Tapes to the Terminal Balance Report to resolve the error. The report shall be retained by the DO as necessary to document dispense errors and support requirements for ATM maintenance and/or repairs.

C. Disbursing Office Deposit Audit Report. The Disbursing Office Deposit Audit Report lists all deposits made at the disbursing office (Terminal 99) since the previous end-of-session. The report shall be attached to the retained copy of the corresponding DD Form

1131 prepared as prescribed in paragraph 260801.A of this chapter.

D. Excessive Activity Report. The Excessive Activity Report lists the transactions made by a particular account holder if that account holder has made five or more transactions since the previous end-of-session. The report could indicate equipment malfunction based on a pattern of irregularity or could indicate that account holders are experiencing difficulty in performing some functions. The report shall be retained by the DO as required to document unusual, irregular, or potentially fraudulent transactions made by an account holder.

E. Terminal Balance Report. The Terminal Balance Report lists all transactions performed on each ATM. The report can be generated for all terminals or for a selected terminal or terminals. The Terminal Balance Report shall be generated as necessary to locate and resolve out-of-balance conditions on the DD Forms 2672 and to locate and correct possible dispense error transactions as indicated on the Dispense Error Transaction Report. After balancing the Terminal Balance Report with the DD Forms 2672 and resolving dispense errors, the report shall be attached to the Grand Total Terminal Balance Report for retention.

★260704. End of Day Balancing for Land Installations. The end of day balancing is the process used to balance the ATM system and backup all data files and records. When funds are removed from the ATM a printout is obtained from each ATM which shows the remaining bill in each canister. The designated deputy will total the remaining bills listed on the printout to arrive at the total amount of funds that should be on hand. A cashier shall count the funds from each container in the presence of the deputy. The total should equal the predetermined amount. At this time the amount is subtracted from the total amount loaded in the morning. This gives the total amount paid. The Training Military Pay Section (TMPS) will do an end of day procedure which will generate payment listings to support payments made through the ATMs for that day. The listings indicate name, Social Security Number, and amount paid as well as total amount paid to all individuals. The total of the listings prepared must equal the amount arrived at earlier by the deputy and

cashier. Differences in the ending balance and the payment listings shall be accounted for as physical losses or overages of funds as described below.

A. Physical Loss. If the ending balance is less than the payment listing, the resulting discrepancy shall be considered as a physical loss of funds. The procedures in chapter 06 of this Volume for reporting and requesting relief of liability for physical losses apply.

B. Overage. If the ending balance is more than the payment listing, the discrepancy shall be considered as an overage of funds. The procedures in chapter 06 of this Volume for reporting overages apply.

#### ★2608 VOUCHERING ATM AT SEA SYSTEM TRANSACTIONS

★260801. Deposits to the ATM at Sea System Accounts. All deposits to individual ATM at Sea system accounts (including the transfer of funds from the payroll account each payday) shall be credited (collected) to Suspense, Navy 17X6875.ATMS. Except as prescribed below for certain ATM account adjustments, collections to the ATM suspense account shall be vouchered using DD Form 1131. A DD Form 1131 shall be prepared after every end-of-session for the ATM at Sea system to voucher deposits to ATM accounts and the concurrent increase to the ATM suspense account since the previous end-of-session. To substantiate the semimonthly regular payroll, a payroll voucher and a Treasury exchange-for-cash check made payable to the DO for the total amount of the payroll shall be prepared. The payroll voucher and Treasury check shall be recorded on the DD Form 2657 in the normal manner as a Check Issue on line 2.1A and a Gross Disbursement on line 4.1A. Depending on the payroll system used by the ship, the Treasury check is either prepared automatically by the payroll system terminals in the disbursing office or by the automated data processing division. The Treasury check shall be deposited in the normal manner prescribed in chapter 05 of this Volume for Treasury checks. Transfer of the payroll funds to the individual ATM at Sea accounts and the concurrent increase to the ATM suspense account shall be vouchered on a DD Form 1131 crediting the ATM suspense account for the total amount of the ATM payroll.

All collection vouchers processed to account for deposits to the individual ATM accounts shall be recorded in the DD Form 2670 and shall be included in the DO's accountability on the DD Form 2657 as a Reimbursement on line 4.1E and as an increase to U.S. Currency on Hand on line 6.2A.

A. Terminal 99 Deposit Transactions for ATMs at Sea. The ATM at Sea system does not permit account holders to make deposits to their accounts at the ATMs. Therefore, all ATM deposit transactions must be conducted at the disbursing office. Generally, the best method for individual deposit transactions is to permit account holders to conduct deposit activities during normal check cashing hours. The agent (deputy, agent, or cashier) appointed to perform these deposit transactions should be assigned password security level 2 access in order to complete the entire transaction without assistance from the DO or deputy. The agent shall maintain DD Form 2671, Disbursing Office ATM Cash Transaction Ledger as shown in figure 26-4. To perform a Terminal 99 deposit, the appointed agent accepts money (in whole dollar amounts only) from the account holder, enters the deposit on Terminal 99, records the entry on DD Form 2671, and gives the depositor a journal receipt. All Terminal 99 deposits shall appear on the end-of-session reports. A DD Form 1131 shall be prepared to voucher the total Terminal 99 deposits after every end-of-session report. The DD Form 1131 shall include an explanation of the purpose of the voucher (e.g. Terminal 99 Deposits). The DD Form 1131 shall be recorded in the DD Form 2670 and shall be included in the DO's accountability on DD Form 2657 as a Reimbursement on line 4.1E and as an increase to U.S. Currency on Hand on line 6.2A.

B. ATM at Sea Payroll Transfer Verification. Generally, payroll processing must begin at least 5 working days prior to the scheduled payday. This is to ensure that any problems encountered can be identified and corrected before payday. The payroll system will print an ATM participation report which lists all members whose pay will be downloaded to the ATM at Sea system. The ATM participation report shall be verified to ensure that the pay for DDS participants, discharged and transferred account holders, and unauthorized absentees **WILL NOT** be downloaded to the ATM at Sea system. After

the verification has been accomplished, the payroll processing can be completed. Payrolls should be transferred to the ATM at Sea system at least 3 working days before the scheduled payday. Here again, this ensures problems encountered in the transfer process can be identified and corrected before payday. When the payroll transfer has been completed, the ATM at Sea system's Payroll Audit Report shall be printed and verified to ensure the correct total for the payroll has been transferred. If there is any correction to be made, a payroll adjustment transaction shall be accomplished by the DO. The payroll funds transfer shall be vouchered on a DD Form 1131 crediting the ATM at Sea suspense account for the amount of the deposit. The DD Form 1131 shall include an explanation of the purpose of the voucher (e.g. ATM Deposit, Payroll No. 123). The DD Form 1131 shall be recorded in the DD Form 2670 and shall be included in the DO's accountability on DD Form 2657 as a Reimbursement on line 4.1E and as an increase to U.S. Currency on Hand on line 6.2A. Payroll adjustment transactions shall be processed as prescribed in paragraph 260803 below.

★260802. Withdrawals from the ATM at Sea System Accounts. Normally, withdrawals from the individual ATM at Sea system accounts shall be accomplished through the ATMs by the account holders using their ATM card and PIN. All withdrawals from the ATM accounts, whether by account holders through the ATMs or through the disbursing office (including adjustments), shall be disbursed from Suspense, Navy 17X6875.ATMS. Except as prescribed below for certain ATM account adjustments, disbursements from the ATM account shall be vouchered using SF 1034. An SF 1034 shall be prepared after every end-of-session for the ATM at Sea system to voucher all withdrawals from the ATM accounts and the concurrent decrease to the ATM at Sea Suspense account since the previous end-of-session. When Point-of-Sale (POS) terminals are added in the ship's stores and post offices, the DO shall include these ATM account withdrawal transactions on the SF 1034. The DO shall coordinate the running of the end-of-session with the post office and ship's store so that all parties shall be on the same balancing and fiscal schedules. The vouchers shall also include an explanation of the purpose of the voucher (e.g., ATM Withdrawals, ATM #\_\_\_; or ATM Withdrawals, Ship's Store). The SF 1034 shall be



recorded in the DD Form 2670 and shall be included in the DO's accountability on DD Form 2657 as a Gross Disbursement on line 4.1A and a decrease to U.S. Currency on Hand on line 6.2A.

A. Terminal 99 Withdrawal Transactions for the ATM at Sea System. Terminal 99 withdrawals shall be used only when the account holder cannot use the ATM to make the withdrawal. Situations which require withdrawals through Terminal 99 include mechanical difficulties with the ATM; an account holder closing an ATM account (such as when transfer, separation, or discharge is imminent); and a withdrawal when an account balance is less than \$5. The agent (deputy, agent, or cashier) appointed to perform Terminal 99 withdrawals should be assigned password security level 2 access in order to complete the entire transaction without assistance from the DO or deputy. The agent shall maintain DD Form 2671 (figure 26-4) as prescribed in the preceding paragraph. To perform a Terminal 99 withdrawal, the appointed agent enters the withdrawal on Terminal 99, obtains the account holder's signature on DD Form 2671, and dispenses the cash and a journal receipt of the transaction to the account holder. At the DO's option, Terminal 99 withdrawals may be authorized when an account holder's balance is less than \$5.00 but the account holder is not closing the account, transferring, separating, or being discharged. The DO shall establish the policy of whether account holder's will be permitted to withdraw remaining funds, of less than \$5.00, after they have withdrawn the maximum permissible from the ATMs. If the DO authorizes this function, specific hours of operation shall be established when the appointed agent will be available to provide the service. Note: This local DO policy shall not apply to account holder's who are closing their accounts due to transfer, separation, or discharge. All Terminal 99 withdrawals shall appear on the end-of-session reports. An SF 1034 shall be prepared to voucher the total Terminal 99 withdrawals after every end-of-session. The SF 1034 shall include an explanation of the purpose of the voucher (e.g., Terminal 99 Withdrawals). The SF 1034 shall be recorded in the DD Form 2670 and shall be included in the DO's DD Form 2657 as a Gross Disbursement on line 4.1A and a decrease to U.S. Currency on Hand on line 6.2A.

★260803. ATM at Sea Account Adjustments. The ATM at Sea system allows account balances and pending payroll amounts to be adjusted. While deposits and withdrawals require the presence of the account holder (the evidence of which is the entry of the PIN in the ATM or personal visit of the account holder to the disbursing office for a Terminal 99 transaction), adjustments do not require the account holder to be present. Therefore, the adjustment function shall be limited to the highest system access of password security. Adjustments shall be used judiciously and shall never be used when a deposit (Terminal 99) or withdrawal (ATM or Terminal 99) transaction will serve the same purpose. When the DO must remove money from an account without the account holder's presence, a negative adjustment shall be used. Situations which require a negative adjustment transaction are explained in the following subparagraphs.

A. Payroll Transfer Error. In cases where it is discovered during the payroll transfer verification that an ATM at Sea account was credited with more money than the payee was due, the DO shall process a negative adjustment to correct the error. In this type of situation, where the account holder is NOT to receive the money, an SF 1080 shall be prepared and processed as a disbursement and a collection voucher to document the negative adjustment, charge the ATM at Sea suspense account, and credit the funds back to the Military Pay, Navy appropriation. A corresponding adjustment to the MMPA shall also be processed. The SF 1080 shall include an explanation of the purpose of the adjustment (e.g., negative adjustment to correct payroll transfer error.). The SF 1080 shall be recorded in the DD Form 2670 and shall be included in the DO's DD Form 2657 as a Gross Disbursement on line 4.1A, as a Refund on line 4.1B.

B. Debt Collection. Various debts of account holders may also be collected through the account adjustment process. Collection of debts through this process shall only be accomplished when specifically requested by the account holder. Examples of voluntary collection through account adjustment are: (1) overpayment of travel entitlement or overadvance of travel funds where the member has requested to refund or liquidate the indebtedness from funds available in his or her ATM account; and (2) the

DO has received an SF 5515 from the depository for a dishonored check and the member has requested to make restitution from funds available in his or her ATM account. In the first example, an SF 1080 shall be prepared to process the adjustment as a disbursement and a collection because the amount of the adjustment must be charged to (disbursed from) the ATM at Sea suspense account and credited (collected) to the travel appropriation. The SF 1080 shall contain an explanation of the transaction (e.g., negative adjustment to collect delinquent travel overadvance) and shall be recorded in the DD Form 2670. The SF 1080 shall be included in the DO's DD Form 2657 as a Gross Disbursement on line 4.1A, as a Refund on line 4.1B. In the second example, an SF 1034 shall be prepared to process the adjustment as a charge to (disbursement from) the ATM at Sea suspense account. The cash withdrawal from the ATM account is used to offset the receivable for the dishonored check held by the DO. The SF 1034 shall include an explanation of the transaction (e.g., negative adjustment to collect dishonored check) and shall be recorded in the DD Form 2670 and included in the DO's DD Form 2657 as a Gross Disbursement on line 4.1A and as a decrease to Dishonored Checks Receivable on line 7.4.

#### C. Refunds to Account Holders.

Under certain circumstances, such as when an account holder is on temporary duty and is reassigned to a new duty station without return to the ship, it will be necessary for the DO to process a negative adjustment to close the ATM at Sea account and refund the account balance to the account holder. The SF 1049 shall be used to charge the ATM at Sea suspense account and a Treasury check shall be issued payable to the account holder for the amount of the adjustment. The SF 1049 shall cite the check number and an explanation of the reason for the adjustment (e.g., negative adjustment to close ATM account and forward balance to member - Transferred (date)). The SF 1049 shall be recorded in the DD Form 2670 and shall be included in the DO's DD Form 2657 as a Check Issue on line 2.1A and as a Gross Disbursement on line 4.1A.

★260804. Accounting Data for the ATM at Sea Suspense Account. The accounting data shown in table 26-2 shall be cited on all vouchers processed to record deposits (collections) and with-

drawals (disbursements) to the ATM at Sea suspense account.

#### ★2609 VOUCHERING ATM TRANSACTIONS AT LAND INSTALLATIONS

Withdrawals from the individual ATM system accounts at land installations shall be accomplished through the ATMs by the account holders using their ATM card. All withdrawals from the ATM accounts shall be disbursed from the appropriate military pay appropriation which supports payment to the members involved. At the end of each business day, the end-of-day balancing reports generated as prescribed in paragraph 260704 above shall be used as the supporting payroll listing. A covering DD Form 117 shall be prepared for the amount of the payroll (amount withdrawn from the ATM system) and processed in the same manner as any other cash payroll. The DD Form 117 shall be included in the DO's accountability on DD Form 2657 as a Gross Disbursement on line 4.1A and a decrease to U.S. Currency on Hand on line 6.2A.

#### ★2610 REQUIRED MANAGEMENT AND CONTROL REPORTS FOR THE ATM AT SEA SYSTEM

261001. Master File Report. The Master File Report lists each account holder, current balance, and other information on ATM transactions. The report shows this information as of the time it is extracted and can be used to reconstruct accounts if necessary. The report can be extracted in several formats (e.g., by account number, account name, or card number) and can also be tailored to print specific accounts (e.g., active, on hold (suspended), closed, pending payroll, or dormant). While the Master File Report can be extracted periodically, the entire report (listing all accounts) shall be run every day. Once a new report is obtained, the previous report may be discarded. At least once each month, the DO shall extract a list of all closed and dormant accounts for audit. Closed accounts shall not be deleted from the system for 30 days. After 30 days, if no funds are in these closed accounts, they shall be deleted from the system. If funds are still in these accounts after 30 days, adjustment action shall be taken to refund the balance of the account to the account holder or credit the funds to the account holder's MMPA, as appro-



priate. The word "DORMANT" will appear on the Master File Report when there has been no activity in the account for 60 days or more. Dormant accounts must be screened carefully for possible errors.

261002. Daily Activity Report. The Daily Activity Report shows all daily menu selections that each appointed agent has performed on Terminal 99 since the last end-of-session. The report specifies the date, time, operator's initials, and menu item number for each function performed on the terminal. The DO shall generate this report daily and shall review the report to ensure that only specifically authorized functions are being performed by the agents. The report shall be retained one week or until the DO is satisfied that the appointed agents are performing only their authorized functions.

261003. Customer File Maintenance Report. The Customer File Maintenance Report lists all deposits, withdrawals, and account adjustments recorded on an account holder's account from the disbursing office terminal. The report includes the: account holder's name and account number; initials of the agent who performed the transaction; type of transaction; amount of funds involved in the transaction, if any; and, transaction date, time, and sequence number. The DO shall generate and review this report daily in conjunction with the Daily Activity Report. The Customer File Maintenance Report shall be retained for one year.

261004. Account Statements for the ATM. Statements are produced for each account holder and show all ATM transactions since the previous statement. These account statements shall be printed and distributed monthly to each ATM account holder. The statements can be printed by division, individual account, or for an individual account holder requiring a prior month's statement. Computer memory in the ATM system is limited. Moving old statement data records to backup tape frees additional space for system processing use. The DO shall backup the statements data files to tape every six months. The backup tapes shall be stored for a period of two years; then the oldest tape may be destroyed.

#### ★2611 MANUAL MAINTENANCE OF ATM ACCOUNTS FOR THE ATM AT SEA SYSTEM

If for some reason it becomes necessary to maintain the ATM accounts manually, such as a possible ATM CPU failure, the Master File Report and the latest audit tapes would be used to ascertain the current account balances. The first step is to compare the journal tapes with the previous Master File Report to determine what transactions have occurred since the last Master File Report was run. Next, manually adjust the account balances of the individuals concerned. Finally, prepare vouchers covering all transactions that have occurred since the previous end-of-session for the ATM at Sea system. Should prolonged system failure be anticipated requiring accounts to be maintained manually, no further deposits shall be allowed while the system is down. When an account holder desires to make a withdrawal, that account holder must withdraw the entire balance of the account. The account holder's signature shall be obtained acknowledging receipt of the funds using DD Form 2673, Record of ATM System Manual Withdrawals (figure 26-5). The DO shall voucher (using SF 1034) and record the withdrawals daily and attach a copy of the DD Form 2673 to the retained copy of the voucher. When the system is returned to operational status, adjust the balances to reflect the withdrawals made while in the manual mode but do not prepare any further documentation. Immediately print a Master File Report and verify manual adjustments. The difference must be equal to the total of all manual withdrawals vouchered while the system was down.

ATM AT SEA SECURITY LEVELS AND FUNCTIONS	
LEVEL	FUNCTIONS PERMITTED
1	All functions are permitted. Only one person can be assigned to this level.
2	All functions are permitted <u>except</u> the following: Payroll/Balance Adjustments (Menu item #8) File Maintenance (Menu item #14) Backup and Recovery (Menu item #15)
3	Only the following functions are permitted: Account Inquiry (Menu item #4) Customer Search/Assistance (Menu item #5) UMIDS/SJUMPS Payroll (Menu item #9) Manual Payroll (Menu item #10) Reports (Menu item #11) Statements (Menu item #12)
4	Only the following functions are permitted: Open/Establish Accounts (Menu item #1) Change Account (Menu item #2) Close Account (Menu item #3) Account Inquiry (Menu item #4) Customer Search/Assistance (Menu item #5) Reports (Menu item #11)
5	Only the following functions are permitted: Account Inquiry (Menu item #4) Customer Search/Assistance (Menu item #5) Reports (Menu item #11)
6	This level is used only for social security/account number verification.

Table 26-1. ATM at Sea Password Security Levels

Appropriation Symbol and Subhead	17X6875.ATMS
Object Class	0000
Bureau Control and Suballotment No.	80001 0
Authorization Accounting Activity (the UIC of your FIPC)	(i.e. 060957)
Type Code	
Deposits	3C
Withdrawals	2D
Property Accounting Activity	000000
Cost Code (00, your UIC and Functional Account No. 98004)	(i.e. 000036098004)

Table 26-2. Accounting Data for ATM at Sea Transactions

DD Form 2670, AUG 93

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**(USE APPROPRIATE LETTERHEAD)**

April 7, 19XX

From: Disbursing Officer, USS UNDERWAY (CGN-210)  
To: Director, Defense Accounting Office, Financial Information Processing  
Center, (San Diego, CA or Norfolk, VA (as appropriate))

Subj: Quarterly Suspense Account Report for DSSN 5130

Ref: (a) DoD Financial Management Regulation, Volume 5

1. Subject report forwarded as required by reference (a).

a. 17X6875.ATMS

b. Beginning balance: Dec. 31, 19XX \$ 5,460.00

c. Collections: (Deposits)

January	\$50,000.00
February	\$50,000.00
March	\$50,000.00

Total	\$150,000.00
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d. Disbursements: (Withdrawals)

January	\$45,000.00
February	\$45,000.00
March	\$45,000.00

Total	\$135,000.00
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e. Ending balance: Mar. 31, 19XX \$ 20,460.00

2. I certify that the balance reported herein is in agreement with the ATM Ledger maintained as prescribed by chapter 26 of reference (a).

W. Freeman  
ENS, SC, USNR

Figure 26-2. Sample Format for Quarterly ATM Suspense Account Report

ATM CASH BALANCE SHEET		1. ACTIVITY USS UNDERWAY (CGN-210)	
		2. DATE 13 JAN XX	3. ATM NO. 1
	<b>BILLS</b>	<b>CASH</b>	
<b>4. CASH TO START</b>			
a. \$20 BILLS	900	18,000.00	
b. \$5 BILLS	400	2,000.00	
c. TOTAL (4a + 4b)	1,300	20,000.00	
<b>5. CASH ADDED TO ATM</b>			
a. \$20 BILLS			
b. \$5 BILLS			
c. TOTAL (5a + 5b)	0	0.00	
<b>6. GRAND TOTAL (4c + 5c)</b>	1,300	20,000.00	
<b>7. CASH REMAINING IN ATM</b>			
a. \$20 BILLS	139	2,780.00	
b. \$5 BILLS	40	200.00	
c. TOTAL (7a + 7b)	179	2,980.00	
<b>8. REJECTS (Cash in reject tray)</b>			
a. \$20 BILLS	1	20.00	
b. \$5 BILLS	2	10.00	
c. TOTAL (8a + 8b)	3	30.00	
<b>9. TOTAL CASH REMAINING (7c + 8c)</b>		3,010.00	
<b>10. TOTAL CASH DISPENSED (6 - 9)</b>		16,990.00	
<b>11. REPORTED CASH DISPENSED</b>		16,990.00	
<b>12. DIFFERENCE (+/- 10,11)</b>		0.00	
<b>13. REMARKS</b>			

DD Form 2672, AUG 93

Figure 26-3. Sample DD Form 2672, ATM Cash Balance Sheet

DD Form 2671, AUG 93

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DD Form 2673, AUG 93

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## CHAPTER 27

SAFEKEEPING OF FUNDS AND VALUABLES (OTHER THAN PUBLIC FUNDS)2701 AUTHORITY FOR SAFEKEEPING DEPOSITS

270101. Authority. All DoD DOs, deputies, and agents are authorized to accept for safekeeping the funds of morale and welfare support activities, including cash and checks, for which safe custody would not otherwise be available. When a DO is not available or when it is impractical for the DO to accept and account for safekeeping deposits, the commander may designate any military member or civilian employee to accept and account for these safekeeping deposits, provided a suitable safe is furnished and appropriate audit procedures are established. If the designated custodian is not already serving in an accountable position, the commander shall appoint the custodian as a collection agent for the purpose of receiving and maintaining custody of funds of morale and welfare support activities. The procedures prescribed in section 2702 below shall be followed for safekeeping of funds for morale and welfare support activities. Only DOs, deputies, and agents assigned to Naval vessels are authorized to accept for safekeeping the personal funds and valuables of active duty Navy members assigned to the vessel (see section 2703 below). In all cases, funds and/or valuables accepted for safekeeping are not public funds and shall not be considered as a part of the DO's financial accountability for public funds.

270102. Restrictions. All deposits and withdrawals are subject to the commander's regulations which, based on the available facilities, shall establish necessary and proper restrictions as to the time, place, and frequency of deposits and withdrawals, and the type of objects classified as valuables. Necessary restrictions must be imposed so as not to interrupt disbursing priority efforts, such as special and regular payrolls. Also, this service shall not be abused by the deposit of objects which, because of their nature or value, are not usually afforded additional protection. Deposits of valuables shall of necessity be limited to funds, negotiable instruments (bonds, credit cards, traveler's checks, check books, etc.), and objects classified as jewelry

having an intrinsic value requiring additional protection. Objects such as wallets, snapshots, keys, letters, etc., having no intrinsic value to justify additional protection shall not be accepted for safekeeping.

270103. Responsibility for Deposits

A. Custodial Officers. Custodial officers are held responsible for the proper handling and accounting for all safekeeping deposits. If a loss is sustained, the depositor shall be advised of the right to submit a claim for reimbursement for loss of personal property as provided in DoD Component regulations. Submission of a claim need not be deferred to await findings of any investigation initiated to determine responsibility for the loss.

B. Assistant Custodians. At non-tactical activities where the volume or nature of safekeeping deposit transactions so warrant, an assistant custodian may be appointed by the commander for initial receipt and temporary custody of safekeeping deposits pending delivery to the designated custodian. If not already serving in an accountable position, the assistant custodian shall be appointed as a collection agent. Separate safekeeping facilities, to which no other person may have access, shall be provided to the assistant custodian for safeguarding funds and valuables. All custody transfers between the custodian and assistant custodians shall be covered by receipt. An assistant custodian is responsible for the proper handling of and accounting for all safekeeping deposits received and for prompt delivery of all safekeeping deposits to the custody of the permanent custodian.

270104. Deposit of Postal Funds. Safekeeping deposits of postal funds as prescribed in DoD Manual 4525.6-M (reference (az)) shall be received and handled as prescribed in paragraph 270201 below. The deposit shall be identified as "postage stamp fund" or "postal money order funds," as applicable, on the safekeeping deposit receipt.



270105. Deposit of Funds Under Emergency Conditions. Safekeeping deposits of funds by MBFs, non-appropriated fund custodians, and other DoD-sponsored activities shall be received and handled as prescribed in paragraph 270201 below. The safekeeping deposit receipt shall appropriately identify the depositing agency, custodian making the deposit, and the deposit itself.

## 2702 SAFEKEEPING OF FUNDS - NON-TACTICAL ACTIVITIES

270201. Accounting for Separate Funds. Except as provided in paragraph 270202 below, each safekeeping deposit shall be placed in a separate sealed envelope bearing the deposit number, the name of the depositor, and the amount of the deposit. The safekeeping custodial officer shall issue a receipt using DD Form 2674, Record and Receipt of Deposits and Withdrawals of Safekeeping Funds for each deposit. The receipt shall appropriately identify the depositor, date of deposit, and the amount deposited. Deposit numbers shall be assigned to each receipt in a consecutive series beginning with "1." The receipt portion of DD Form 2674 shall be furnished to the depositor and the record portion shall be retained by the custodial officer. When the depositor desires to withdraw the safekeeping deposit, the depositor shall present the receipt to the custodial officer. After the identity of the depositor and authenticity of the receipt have been established, the depositor shall acknowledge receipt of the deposit by signature and date in the space provided on the record portion of DD Form 2674. The identical currency which was presented by the depositor shall be returned to the depositor when the deposit is withdrawn.

270202. Accounting for Commingled Funds. At non-tactical activities where the volume of safekeeping deposits warrants and it is desirable to provide for more than one deposit or more than one withdrawal in safekeeping deposit accounts, custodial officers are authorized to commingle safekeeping funds. However, the safekeeping funds shall be placed in a separate container identified as safekeeping funds and shall never be commingled with official funds. If the total value of commingled safekeeping funds on hand is normally large, a bank checking account may

be established as provided in paragraph 270203 below.

### A. Deposits

1. Receipt for Deposit. DD Form 2674 shall be issued for each deposit. Deposit numbers shall be assigned in a consecutive series beginning with "1" and preceded by the letter "D." Each depositor shall be assigned a depositor's account number using a consecutive series of numbers beginning with "1." The DD Form 2674 shall appropriately identify the depositor, depositor's account number, date of deposit, and the amount deposited. The receipt portion of DD Form 2674 shall be furnished to the depositor and the record portion shall be retained by the custodial officer.

2. Individual Ledger Sheets. The custodial officer shall maintain a separate ledger sheet for each depositor. The heading of the ledger sheet shall include the following information: depositor's account number; name and location of the depositing morale and welfare activity; and the signature of the morale and welfare activity representative making the deposit. The amount of each deposit shall be entered in the debit column of the ledger sheet and the total amount on deposit shall be entered in the balance column. The date of each deposit and the deposit receipt number shall also be entered in the ledger.

3. Cash-on-Hand Ledger Control Sheet. In addition to the individual ledger sheets described in the preceding subparagraph, the custodial officer shall maintain a cash-on-hand ledger control sheet. The amount of each deposit shall be entered in the debit column of the ledger control sheet and the total amount on deposit by all depositors shall be entered in the balance column. If preferred, daily summary posting may be made to the ledger control sheet showing inclusive deposit numbers. The balance of the ledger control sheet must agree with the aggregate of balances in the individual depositors' ledger sheets.

B. Withdrawals. The depositor shall present the original deposit receipt(s) to the custodial officer when withdrawing the entire balance on deposit. If the depositor only wishes to withdraw a portion of the balance on deposit,

the depositor shall provide a signed request for withdrawal of the desired amount to the custodial officer. The custodial officer shall verify the depositor's balance in the account and shall verify the depositor's signature requesting withdrawal with the depositor's signature on the deposit record and/or the individual ledger sheet. After verification, the custodial officer shall enter a withdrawal number on the withdrawal request. A series of consecutive numbers beginning with "1" and preceded by the letter "W" shall be used as withdrawal numbers. If the withdrawal is paid in cash, receipt shall be obtained from the depositor. For withdrawals by check as authorized in paragraph 270203 below, the check number shall be entered on the withdrawal request. The withdrawal shall be entered as a credit in the depositor's individual ledger sheet and the DO's ledger control sheet. In lieu of individual entries in the DO's ledger control sheet, a daily summary posting may be made showing inclusive withdrawal numbers.

270203. Bank Account Procedures

A. General. Upon approval of the commander and providing that the amount of safekeeping funds available for deposit is large enough to preclude the payment of bank service charges or other fees, custodians of commingled safekeeping funds are authorized to establish and maintain a checking account in a local bank for deposit of safekeeping funds. Such accounts shall be maintained only in banks insured by the Federal Deposit Insurance Corporation (FDIC) or savings and loan associations insured by the National Credit Union Share Insurance Fund (NCUSIF). Funds in excess of the insured limits shall be collateralized by the financial institution. The account shall be established in the name of the disbursing activity, the safekeeping fund, and the custodian (e.g., "U.S. Naval Activity, Boston, MA, Safekeeping Deposit Fund, LT J. A. Hancock, SC, USN, Custodian"). If the total balance on deposit in the checking account exceeds \$40,000, a report shall be made in accordance with Volume 13 of this Regulation. Investments or loans shall not be made with safekeeping deposit funds. When use of a bank account for deposit of safekeeping funds is authorized, the procedures in the following subparagraphs shall be followed for maintenance of the safekeeping fund bank checking account.

B. Check Records. All checks shall be prenumbered serially. A complete record of all checks drawn and deposits to the safekeeping checking account and a running bank balance shall be maintained in the checkbook. Bank statements shall be reconciled immediately upon receipt and paid checks returned from the bank shall be filed with the corresponding bank statement. Spoiled checks shall be marked "VOID" and filed in sequence with the paid checks returned from the bank.

C. Deposits to Safekeeping Fund Bank Account. Checks, money orders, and cash received for safekeeping, except cash required to be kept on hand to meet safekeeping withdrawal requirements, shall be deposited promptly to the bank account. Checks and money orders may be accepted for deposit to the safekeeping fund bank account subject to collection. Withdrawal, however, shall not be authorized until sufficient time has elapsed for clearance of the checks and money orders through the banking system.

D. Disbursements from Safekeeping Fund Bank Account. Withdrawals of safekeeping funds should be paid by checks issued on the safekeeping deposit fund bank account whenever practical. Checks shall be drawn on the safekeeping fund account only for: payment to a depositor for withdrawal; an authorized transfer of a depositor's account to another activity; exchange-for-cash checks for replenishment of cash on hand needed to meet safekeeping withdrawal requirements; and, transfer of unclaimed moneys.

E. Cancellation of Checks. All checks drawn on the safekeeping deposit fund bank account shall bear the following stamped endorsement on the reverse: "This check is not valid unless presented for payment within 12 months from date of issue." If a check is so canceled, the custodian shall confirm stop payment action with the bank and credit the depositor's safekeeping account for the amount of the canceled check. An effort shall then be made to locate the depositor and effect payment. If the depositor cannot be located, the account shall be closed by drawing a check payable to the Department of the Treasury for deposit by the DO. The DO shall prepare a DD Form 1131 with credit to \*\*1060, Forfeitures of Unclaimed Money and Property, when the amount is less than \$5

or to 20X6133, Payment of Unclaimed Moneys (T), when the amount is \$5 or more. The collection voucher shall include all information available as to the identity and location of the depositor. Any claim subsequently received for the funds shall be forwarded with a copy of the related DD Form 1131 to the servicing DFAS Center for processing.

F. Bank Ledger Control Sheet. In addition to the cash-on-hand ledger control sheet, a separate ledger control sheet shall be maintained for "cash-in-bank." When cash, checks, and/or money orders are deposited in the bank, the cash-in-bank ledger control sheet shall be debited and the cash-on-hand ledger control sheet shall be credited. Exchange-for-cash checks shall be posted as a credit to the bank ledger control sheet and a debit to the cash-on-hand ledger control sheet. Withdrawals by check shall be posted as a credit to the bank ledger control sheet and as a debit to the individual ledger sheet. The sum of the cash-in-bank and the cash-on-hand ledger control sheets must agree with the aggregate of balances in the individual depositors' ledger sheets.

#### 2703 SAFEKEEPING OF PERSONAL FUNDS AND VALUABLES - NAVAL VESSELS

270301. Deposits. Deposits shall be recorded on DD Form 2674, Record and Receipt of Deposits and Withdrawals of Safekeeping Funds. A series of consecutive numbers beginning with "1" shall be used for assignment to safekeeping deposits. Each deposit, at the time it is made, shall be assigned the next number in this series. The following data shall be entered in the appropriate spaces on the receipt portion of the DD Form 2674 and by carbon impression on the record portion of the form: the deposit number; the date of deposit; a description of the deposit (if money, enter the amount in figures and words); and, the signature and rank of the custodial officer (or assistant custodian) receiving the deposit. The depositor shall then be required to enter his or her SSN, signature, and rank or rate in the spaces provided on the record portion of the form. The receipt portion shall be detached and given to the depositor.

270302. Withdrawals. When the depositor wishes to withdraw a deposit, the depositor shall present the receipt portion of the DD Form 2674

to the custodial officer. The custodial officer shall verify the depositor's signature and determine that the serial number, date, and description appearing on the receipt correspond with the data appearing on the record portion of the form. After the identity of the depositor and authenticity of the receipt have been established, the depositor shall acknowledge receipt of the deposit by entering his or her signature and the date of withdrawal in the space provided on the record portion of the DD Form 2674. The receipt portion shall then be destroyed in the presence of the depositor. If the receipt has been lost, the deposit may be returned to the depositor only after the custodial officer is satisfied as to the identity of the depositor and the depositor's entitlement to the deposit. In all instances, the entries in the record portion of the DD Form 2674 constitute the official record of the deposit. At the time of withdrawal the entire deposit must be withdrawn. Partial withdrawals are not authorized, however subject to the restrictions prohibiting unreasonable repeated deposits, a new deposit in a new amount may be made.

270303. Withdrawal of Funds or Valuables Subsequent to Transfer of Depositor. If a depositor is transferred before withdrawing safekeeping deposits, the custodial officer shall deliver the depositor's cash balance to the DO in exchange for a Treasury check. The Treasury check shall be drawn in favor of the depositor. The check and the depositor's valuables (if any) shall be forwarded with a letter of transmittal to the commander of the activity to which the depositor was transferred for delivery to the depositor. The transmittal letter shall provide all available details about the depositor and request acknowledgement of receipt. Data regarding the transfer shall be inserted on the record portion of the DD Form 2674.

270304. Deposit and Withdrawal of Funds by Incapacitated Persons. Deposit and withdrawal of funds and valuables shall be handled as prescribed in this section except that an officer, or any other person designated by the commander, shall witness and sign each transaction and the receipts for safekeeping deposits shall be delivered to the commander.

270305. Deposits of Deceased or Missing Persons. Cash on deposit shall be delivered to the DO in exchange for a Treasury check. The check

shall be made payable to the payee designated by the officer (or inventory board) appointed by the commander to take custody of the depositor's personal effects. The object for which drawn shall be "Exchange-for-Cash; Safekeeping Deposit No. \_\_\_\_ of (name, rank or rate, SSN). The check and the depositor's valuables (if any) held for safekeeping shall be delivered to the appointed officer (or inventory board) for disposition in accordance with the Naval Supply Systems Command Manual. A receipt shall be obtained for the check and valuables (if any) transferred in accordance with these instructions, and the record portion of DD Form 2674 shall be closed by a notation describing the disposition. The receipt portion of DD Form 2674 shall be destroyed if available.

#### 2704 BALANCING AND VERIFICATION OF SAFEKEEPING DEPOSITS

270401. Balancing. The safekeeping custodial officer shall balance all safekeeping deposits on the last day of each month. The cash on hand (and in the safekeeping fund bank account, if applicable) must equal the total of the amounts credited in all of the active depositors' accounts as shown on the active record portion of DD Forms 2674, or the individual ledger sheets and ledger control sheet, as applicable. The custodial officer shall certify that balancing was accomplished on the ledger control sheet or the last DD Form 2674 issued:

"All safekeeping deposits, serial Nos. \_\_\_\_ through \_\_\_, balanced and verified (date) \_\_\_\_\_. Total cash deposits equal \$ (amount) \_\_\_\_\_.

\_\_\_\_\_  
(Signature and rank of custodial officer)."

#### 270402. Verification

A. General. At unannounced intervals, not less frequently than once during each quarter, all safekeeping deposits shall be verified in the presence of the custodial officer by the cash verification team appointed by the commander. Results of the verification shall be included in the report of verification to the commander.

B. Separate Deposits. Separate deposits shall be verified by verifying the con-

tents of each envelope against the record portion of DD Forms 2674. The verifying officers shall certify on the last DD Form 2674 issued:

"All active safekeeping deposits, serial Nos. \_\_\_\_ through \_\_\_, verified (date) \_\_\_\_\_. Total cash deposits equal \$ (amount) \_\_\_\_\_.

\_\_\_\_\_  
(Signature and rank of verifying officer)

\_\_\_\_\_  
(Signature and rank of verifying officer)."

C. Commingled Funds. Commingled funds shall be verified by counting the cash held for safekeeping and comparison with an adding machine tape total of the individual depositors' ledgers as well as with the balance shown on the ledger control sheet. At activities maintaining a safekeeping deposit fund checking account, the latest bank statement shall be examined and the amount on deposit in the checking account shall be verified. The verifying officers shall certify below the last entry on the ledger control sheet:

"We, the undersigned, on (date) \_\_\_\_\_ have verified the commingled safekeeping funds by actual count and certify that the total amount on hand is \$ (amount) \_\_\_\_\_, which is in agreement with active safekeeping accounts, Nos. \_\_\_\_ through \_\_\_, and with the ledger control sheet.

\_\_\_\_\_  
(Signature and rank of verifying officer)

\_\_\_\_\_  
(Signature and rank of verifying officer)."

D. Reporting of Shortage or Overage. Any shortage or overage of safekeeping deposits shall be reported promptly to the commander. The commander shall take action similar to that prescribed in chapter 06 of this Volume for a shortage or overage of public funds. However, a shortage or overage of safekeeping deposits shall not be considered or reported as a shortage or overage of public funds in the DO's accountability.

270403. Transfer of Safekeeping Deposits Upon Relief of Custodial Officer. In preparation for being relieved of custodial duties, the outgoing

custodial officer shall balance all safekeeping deposits and prepare, in duplicate, a list on which all active deposits are described. The list and all deposits shall be turned over to the custody of the relieving officer. The relieving custodial officer shall verify all deposits and receipt the original list. The original receipted list shall be returned to the relieved officer. DD Forms 2674 and/or the records of commingled deposits, as applicable, shall be transferred to the relieving officer. If a checking account is maintained, the account shall be reconciled and transferred to the relieving officer. Arrangements shall be made with the bank to transfer the account to the new custodial officer.

## **PART TWO**

# **DEBT MANAGEMENT**

## CHAPTER 28

GENERAL PROVISIONS ON INDEBTEDNESS2801 APPLICABILITY

★280101. Debts Covered. Policies in this Volume apply to debts of individuals, except foreign individuals, owed the United States. They do not apply to contract debts, sovereign debts owed the United States, or collection of child support, alimony, or commercial debts from the pay of employees or military members through garnishment or involuntary allotment. Contract debt collection procedures are contained in Volume 10 of this Regulation. Sovereign debt collection procedures are contained in chapter 3, Volume 15 of this Regulation. Procedures for collection of child support, alimony, or commercial debts from military members or civilian employees through garnishment or involuntary allotments are contained in Volume 7 and Volume 8, respectively, of this Regulation.

280102. Recovering DoD Component Property. Policies in this Volume are directed primarily at recovery of debts on behalf of the United States and the circumstances in which debts may be disposed of for less than the full amount. Nothing contained in this Volume is intended to preclude a DoD Component from demanding return of specific property or, alternatively, payment of its value.

280103. Alternative Administrative Remedies. Nothing contained in this Volume will preclude using any other administrative remedy which may be available for collecting debts owed a DoD Component. When a DoD Component debtor is employed by another DoD Component or another federal agency, and collection cannot be accomplished using procedures, including offset, in this Volume, the debtor's employing Component or agency will be contacted to arrange for the debtor to pay by allotment or other means according to regulations which implement financial responsibility requirements of federal employees in section 206, Executive Order No. 11222, May 8, 1955, 30 FR 6469 (reference (ba)).

280104. Required Administrative Proceedings. Nothing contained in this Volume requires a DoD Component to omit or duplicate debt

collection procedures required by other regulations.

280105. Omissions Not a Defense for Debtors. Requirements in this Volume apply to the administrative collection of debts. Failure of a DoD Component to comply with any of the requirements will not be available as a defense for a debtor.

2802 GENERAL ORGANIZATIONAL RESPONSIBILITIES

280201. Identifying and Correcting Debt Causes. DoD Components will establish procedures to identify causes of indebtedness, delinquencies, and defaults and take corrective actions to eliminate those causes and to reduce the numbers of debts subject to collection.

280202. Debt Collection Programs. DoD Components will vigorously pursue debt collection. Collection programs at all organizational levels will be established as required to implement policies in this Volume.

280203. Debt Controls. DoD Components will establish effective administrative controls over debts owed. Debts will be promptly recorded in the accounting system when incurred and collected and controlled according to requirements in this Volume. Debts will be aged in the following categories so that appropriate corrective actions can be taken and required aging reports rendered:

A. Debts Not Delinquent;

B. Debts Delinquent -

1 - 30 days;

31 - 60 days;

61 - 90 days;

91 - 120 days;

121 - 180 days;

181 days - 1 year;

Over 1 year - 2 years;

Over 2 years - 3 years;

Over 3 years.

280204. DoD Debtor Information Exchange Program. DoD Components will participate in the DoD debtor information exchange program for delinquent and defaulted debtors.

280205. Interagency Debt Collection. DoD Components will cooperate with each other and other federal agencies in collecting debts owed by employees and members. Salary and administrative offset requests from non-DoD federal agencies will be coordinated by the Defense Manpower Data Center.

280206. Files Matching. DoD Components requesting debtor files matching through the Defense Manpower Data Center will ensure that all other debt collection alternatives are either less effective, more expensive, or would present a greater threat to debtors' personal privacy.

280207. Documenting Collection Activity. DoD Components will document collection activity. The basis for debt compromise or for suspending or terminating collection action will be documented. Documentation will be retained in individual debtor files.

280208. Personal Interviews With Debtors. Creditor components may hold personal interviews at the debtor's request concerning the individual circumstances surrounding the debt and the amount involved. Expenses incurred by debtors to attend interviews will be paid by debtors. Matters discussed which will affect debt collectibility will be documented. Documents will be retained in individual debtor files.

280209. Obtaining Debtor Mailing Addresses From the Internal Revenue Service. DoD Components attempting to locate a debtor may send requests to the Secretary of the Treasury or designee to obtain a debtor's mailing address from the records of the Internal Revenue Service (IRS). Mailing addresses obtained from the IRS may be disclosed to other agents of the DoD Component, including contract collection agencies, to facilitate debt collection and compromise. A mailing address obtained from the IRS may be disclosed to a commercial credit bureau only for obtaining a commercial credit report. However, this disclosure limitation no longer applies once a debtor's mailing address is independently confirmed by the DoD Component.

280210. Determining Debt Amount for Compromises, Suspensions, and Terminations. Debts will not be subdivided to avoid monetary ceilings for debt compromise or suspension or termination of collection actions. A debtor's liability arising from a particular transaction will be considered a single claim in determining if a debt is \$100,000 or greater for purposes of debt compromise, collection suspension, or termination according to chapter 31 of this Volume.

280211. Collection Priorities for Multiple Debts. Deductions currently being made will normally continue until a debt is paid. However, consideration will be given applicable statutes of limitations and priority of collections will be changed when necessary to ensure maximum amounts are collected. Debts owed by employees to more than one DoD Component or federal agency will be collected in the following priority sequence:

- A. Debts to the debtor's employing agency or department.
- B. Debts to other DoD Components.
- C. Debts to other federal agencies.

280212. Accounts to Which Collections Will Be Credited. If collected in time to be credited to a current fiscal year appropriation, debt principal amounts collected by DoD Component employees or contract collection agencies on the DoD Component's behalf will be refunded or reimbursed to appropriations from which funds were originally disbursed. Otherwise, debt principal amounts will be credited to another appropriation specified by law. Interest, penalties, and administrative charges will be credited to appropriate Treasury receipt accounts.

280213. Automating Debt Collection and Reporting Systems. Debt collection and reporting systems, automated to the extent it is cost effective, will be used for recording, processing, and controlling debts. Existing debt collection procedures and processes in pay systems may be retained until debt collection and reporting systems are implemented.

280214. Liquidating Security or Collateral To Satisfy Debts. DoD Components holding security or collateral which may be liquidated through



a power of sale or nonjudicial foreclosure will do so if debtors fail to pay debts within a reasonable time after demand. Consideration will be given to security or collateral disposition costs as compared to amounts which might be received from a sale. A DoD Component liquidating security or collateral will provide a debtor with notice of sale, an accounting of surplus proceeds, and any other procedures required by regulation or law.

280215. Debt Payment by Surety or Insurance Concern. Collection from other sources, including liquidation of collateral or security, is not a prerequisite to requiring payment by a surety or insurance concern unless such action is expressly required by law.

280216. Reporting a Surety's Dishonored Obligation. DoD Components will immediately report to the Department of the Treasury the failure of any surety to honor its obligations under 31 U.S.C. 9305 (reference (o)). The Treasury Department will forward notification that a surety's certificate of authority to do business with the federal government has been revoked or forfeited to appropriate organizations.

280217. Obtaining Collection Assistance for Delinquent Debts. Creditor Components make the initial demand for debt payment and accomplish follow-up action. When local collection action is exhausted, DFAS will provide collection assistance using the Defense Debt Management System (DDMS). Collection assistance includes referral to a collection agency, reporting to a credit bureau, use of the IRS tax refund offset program, and submission to the Department of Justice for possible litigation. DDMS is maintained at DFAS Denver Center (DFAS-DE/Y) and operated by the DFAS Centers. Collection assistance is obtained by sending the debt case to the servicing DFAS Center. Controlled transmission procedures will be used to ensure that debt cases transferred by an installation are received at DFAS.

A. To ensure the integrity of the accounting records and the debt case files and records, periodic reconciliations will be accomplished in the most efficient and expedient manner possible.

B. To avoid costly reconciliations with transferring activities, DFAS Centers will establish and maintain accountability where feasible for debts transferred for collection assistance. When accountability for a debt is established at DFAS, the submitting activity will be notified to remove accountability from its accounting records. This notification will be accomplished as part of the controlled transmission procedure. Debt accountability will be dropped and established in a manner to preclude either omission or dual reporting of the debt in accounting reports. DFAS will establish debt accountability at the minimum level of detail necessary to fulfill accounting and reporting requirements. Accountability will not be transferred if the process creates an Antideficiency Act violation in the accountable station records. If this situation appears likely, DFAS will accept the file for debt collection as usual while the DO and related budget officer work the transfer of funding to cover the accountability transfer. If DFAS is able to collect on the account, efforts by the DO will cease and collection will be processed to DO. If DFAS exhausts collection efforts as defined in chapter 31 of this Volume and write-off action is appropriate, the write-off notice will be sent to the DO for action. In no circumstances may an Antideficiency Act violation be created due to an administrative process but only after complete attempt at collection, review, and process of official write-off notification.

C. The DDMS will facilitate centralized processing of remittances. Cash management criteria will be considered and Treasury mechanisms will be utilized as indicated to process remittances.

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## CHAPTER 29

DEBT COLLECTION REQUIREMENTS2901 COLLECTION ACTIVITY

290101. Timely and Aggressive Collection Action. DoD Components will take timely and aggressive collection action with effective follow-up to collect all claims for money or property due their activities. When necessary to protect the DoD Component's interests, for example, to prevent the 6-year statute of limitations from expiring, written demands for payment will be preceded by any other appropriate collection actions specified by this Regulation. This may include immediate referral to the Department of Justice for litigation. When reply to a debtor's correspondence is appropriate, the reply will be made promptly, normally not later than 30 days from receipt of the debtor's communication. When it becomes necessary to extend the 30-day demand letter interval (see paragraph 290103 of this chapter), DoD Components will give due regard to the need to act promptly so, as a rule, if it becomes necessary to refer debts to the Department of Justice for litigation, referrals can be made within 1 year of the date the fact and amount of debts are confirmed.

290102. Written Demands for Debt Payment. Demands for debt payment (including follow-up demands) will be made in writing. When a debtor is given time limits to reply to creditor organization correspondence, 15 additional days will be allowed if correspondence must go through non-United States mail systems. Notification of routine pay adjustments will be made according to the policies in Volumes 7 and 8 of this Regulation, as appropriate.

290103. Initial Demand Letter. After the facts and amounts of debts are confirmed, creditor organizations will promptly deliver to the debtor a written demand for debt payment. Initial demand letters will be dated and mailed or hand-delivered to allow 30 days for the debtor to reply before interest is assessed and debts are considered delinquent. If a creditor organization uses advance billing (that is, mails a bill before a debt is actually owed), it can include the required interest notification but interest will not accrue

until the debt is actually owed. Initial demand letters will, when applicable:

A. Inform the debtor that the DoD Component intends to take salary or administrative offset.

B. Require full debt payment within the time specified in the demand letter.

C. Require the debtor to furnish with the initial reply, evidence to support any dispute of facts and amounts of the debt if the debtor requests a creditor organization to reconsider the debt.

D. Advise the debtor of debt basis.

E. Advise the debtor of the legal requirement for assessing interest, penalties, and administrative charges.

F. Advise the debtor of the legal requirement to refer the delinquent debt to the Department of Justice and commercial credit bureaus.

G. Advise the debtor of the intention to refer the delinquent debt to private collection agencies.

H. Advise the debtor of the creditor organization's willingness to review the debtor's financial statements and proposals for repayment agreements. However, the debtor will be advised that such reviews by themselves will not stay assessment and later collection of interest, penalties, and administrative charges.

I. If a debtor's salary will be involuntarily offset, provide due process notifications required by paragraph ? in chapter 30 of this Volume.

J. Advise the debtor of entitlement to waiver or remission consideration (applicable when mandatory statutory authority exists).

290104. Follow-Up Demand Letters. The debtor shall respond to initial demand letter with full payment, or agree to repayment schedule within the time specified in initial demand letter. If the debtor does not respond to the initial demand for payment, when applicable, at least two more progressively stronger demand letters, at not more than 30-day intervals (45 days if correspondence must go through non-United States mail systems), will be sent unless the debtor's response to either the first or second demand indicates further demands would be futile. See paragraph ?0 in chapter 30 of this Volume.

290105. Lump-Sum Collections. Debts owed the DoD Component along with interest, penalty, and administrative charges will be collected in lump-sum except when otherwise provided by law. This is true whether a debt is being collected by salary or administrative offset or any other method including voluntary payment. Lump-sum collections by offset from current salary, unless voluntary, cannot exceed the offset percentages specified by paragraph ? in chapter 30 of this Volume.

## 2902 INSTALLMENT COLLECTIONS

290201. Installment Criteria. If debtors represent to the creditor organization that they are financially unable to pay a debt in one lump-sum, payment will be accepted in regular installments. A decision to accept installment payments will be based on a debtor's financial statement submitted under penalty of perjury. Financial statements will become part of the permanent debt record.

290202. Installment Timing and Amount. Installment payments will usually be monthly. Installment payments will bear a reasonable relationship to the size of a debt and the debtor's ability to pay. Except when a debtor can prove financial hardship or another reasonable cause exists, installment payments will be at least \$50 each month and will be sufficient to liquidate debts within 36 months. Installment collections from current salary, unless voluntary, cannot exceed the offset percentages specified by paragraph ? in chapter 30 of this Volume.

290203. Installment Security. Security for debts paid by installment will be accepted in appropriate

cases. Creditor organizations will accept installment payments notwithstanding a debtor's refusal to give security.

290204. Installment Payment Agreement. Creditor organizations that agree to accept installment payments will obtain signed, legally enforceable payment agreements from the debtor. The agreement will include a provision accelerating the debt so that the remaining balance is due and payable immediately should the debtor default on the agreement. The debtor will be required to annually submit financial statements, completed under penalty of perjury, during the repayment period whenever installment payments are less than \$50 each month or the repayment period exceeds 36 months.

290205. Installment Application to Multiple Debts. DoD Components accepting installment payments on multiple debts of a debtor will apply payments to the various debts according to the best interests of the DoD and the United States as determined by facts and circumstances of each debt. Careful attention will be paid to applicable statutes of limitations. Debtor designations as to which of multiple debts the payments may be applied against, will be followed. However, the statute of limitations will not be allowed to expire on any debt because of debtor designations.

290206. Installment Application to Penalty and Administrative Charges, Interest, and Debt Principal. Installment payments will be applied first to accrued administrative and penalty charges; second to accrued interest; and third to debt principal balance.

290207. Installment Payment Review. Creditor organizations collecting debts by installment will review the debtor's annual financial statements and determine whether to collect the balance due in a lump-sum or continue installment payments at the same or increased amounts. Smaller installment payments will be accepted on request of a debtor in exceptional cases fully supported by financial statements confirming inability to pay agreed to installment payments. Installment payments will not be reduced if a debtor could have controlled the financial condition which reduced ability to meet existing installment payments.

**2903     INTEREST, PENALTY, AND ADMINISTRATIVE CHARGES**

290301. Interest Charges. The intent of interest is to stimulate prompt payment of debts and to recover the cost of Treasury borrowing necessitated by delinquent debts. Creditor organizations will accrue, assess, and collect interest on all debts. Unless otherwise provided in this section, interest will accrue from the date the debt notice and interest requirements are hand-delivered to a debtor or mailed to a debtor using the most current address available to the DoD Component. Once accrued and assessed, interest will be collected unless collection action is foregone under a provision of this Regulation.

290302. Interest Rate. Creditor organizations will assess an interest rate which is equal to the current value of funds to the United States Treasury as prescribed by the Secretary of the Treasury in the Federal Register and Treasury Financial Manual bulletins quarterly or annually. A different rate will be assessed if a statute or regulation explicitly fixes the rate of interest for that particular type of debt. An initial interest rate will remain fixed for the duration of that debt. However, if a debtor defaults on an interest bearing installment-payment agreement, the creditor organization will set an interest rate for any new installment payment agreement that reflects the current rate of interest established by the Treasury. The interest rate for a new installment payment agreement will reflect the current value of funds and may be higher or lower than the interest rate charged in the original payment agreement.

290303. Interest Computation. Interest charges will be computed using the formula:  $I = DNF$ . Where:  $I$  = interest charge;  $D$  = debt principal balance;  $N$  = number of days in computation period;  $F$  = interest rate per day (365- or 366-day year).

290304. Interest Compounding. Generally, interest will not be assessed on interest, penalties, or administrative charges. However, if a debtor defaults on an installment-payment agreement interest, penalty, and administrative charges assessed until the time of default, but not collected, will be added to the outstanding debt principal and will be collected along with interest under any new payment agreement.

Also, interest may be compounded if authorized by a regulation or statute.

290305. Penalty Charges. Creditor organizations will assess a penalty charge of 6 percent per annum on any debt principal delinquent more than 90 days. Penalty charges will accrue from the date the principal amount became delinquent.

290306. Administrative Charges. Creditor organizations will assess administrative charges against the debtor to cover the additional administrative costs incurred in processing and handling the debt because it became delinquent. Administrative charges will be based on the actual costs incurred and will include costs of obtaining credit reports and using private collection agencies to the extent these costs are attributable to collecting delinquent debts. When actual costs are not available, administrative costs will be based on cost analyses establishing an average of actual costs incurred in processing and handling claims against other debtors in similar stages of delinquency.

**290307. Decisions Not to Accrue or Assess Interest, Penalty, and Administrative Charges**

A. DFAS policy is to accrue and assess these charges on all debts owed DoD Components, excluding routine pay adjustments. However, 31 U.S.C. 3717 (reference (o)) and the Federal Claims Collection Standards (4 CFR Parts 101 through 105) (reference (bb)) authorize issuance of regulations governing application of these charges. Decisions not to accrue or assess these charges can be made by the creditor organization on a case-by-case basis according to the following criteria:

1. When a debt is subject to permissive waiver or remission statutes and collection action is suspended pending outcome of the waiver or remission, these charges will not accrue or be assessed while the waiver or remission request is being considered and finalized.

- a. Charges accrued before receipt of a waiver or remission request will not be assessed if the request is received by the designated official within 30 days of hand delivery or mailing of the debt notice to the debtor. Extend the 30-day period to 45 days if the debt

notice goes through non-United States mail systems or is sent to an APO/FPO address.

b. These charges will not accrue or be assessed on any part of a debt principal balance that is waived or remitted.

c. Charges will again begin to accrue on any portion of the debt principal not waived or remitted from the date the debtor is formally notified in person or by mail of the final waiver or remission determination.

2. When a debtor entitled to a hearing petitions the creditor organization for a hearing, these charges will not accrue from the date the petition is received by the creditor organization until the date the debtor is formally notified in person or by mail of the hearing decision. Charges that accrued before the creditor organization received a petition for a hearing will be assessed on that portion of the debt principal upheld by the decision of the hearing official.

3. When a debtor is entitled to and has petitioned for a hearing, these charges will not accrue or be assessed while a debt is being reconsidered.

4. When debts are routine pay adjustments, these charges will not accrue or be assessed.

5. When the debt of an individual arose under the tariff laws of the United States, the Social Security Act, or the Internal Revenue Code of 1954, these charges will not accrue or be assessed.

6. When a DoD Component is requested to collect a debt by another DoD Component or federal agency, these charges will not accrue or be assessed by the Component accomplishing the collection. Note that the creditor Component or agency requesting collection assistance has authority to accrue and assess applicable late payment charges and these charges should be included in the total amount identified for collection.

7. When an applicable statute or regulation prohibits application of these charges

to the debt involved, these charges will not accrue or be assessed.

8. When these charges would not be in the best interest of the Government, would cause extreme hardship, or if facts and circumstances indicate that charges accrued would not be collected per paragraph 290308 of this chapter, they will not be assessed.

B. Blanket decisions to not accrue or assess these charges are not authorized. Documentation shall support every decision not to accrue or assess these charges. If there is documentation in the official debt file or associated with the debt transaction that clearly supports and explains the reason(s) for the decision not to accrue or assess these charges, no further documentation is required. Exception: See requirements for paragraph 290307.A.8 above.

290308. Decisions Not to Collect Interest, Penalty, and Administrative Charges. Once accrued and assessed, these charges will normally be collected. However, a decision not to collect these charges can be made on a case-by-case basis.

A. General. The dollar limits imposed by regulation on various echelons for write off of debt principal also determines the authority for making the decision not to collect these charges. The decision not to collect shall be documented and retained in the official debt file. Blanket decisions not to collect interest, penalty, or administrative charges are not authorized.

B. Mandatory Grace Period. Interest will not be collected on a debt or on any part of a debt paid within 30 days after the date interest began to accrue. The 30-day period can be extended for an additional 30 days on a case-by-case basis. Document and retain in the official debt file the reason(s) for any extension.

C. Criteria for Not Collecting. Decisions not to collect these charges can be made on a case-by-case basis when the following general standard for not collecting and any one of the appropriate circumstances or standards are present.

1. General Standard. Collection of these charges would be against equity and good conscience or not in the best interest of the Government.

2. Appropriate Circumstances and Standards

a. These charges accrued and were assessed on a debt principal balance that was incurred through no fault or lack of good faith on the part of the debtor.

b. Financial inability of the debtor to pay the accrued and assessed charges within a reasonable period of time.

c. The underlying debt principal balance was waived or remitted by the appropriate authority or other administrative review process such as, hearing or reconsideration determined that it was not valid.

d. Reasonable doubt exists concerning the Government's ability to prove that charges are owed because of the issues involved or a bona fide dispute as to facts.

e. The amount of charges that could be collected is less than the cost of collection.

f. Reasonable efforts to locate the debtor have been unsuccessful.

g. Collection would have an adverse effect on the diplomatic relations between a debtor nation and the United States which would impair the ability of the DoD to conduct its mission from installations located within the debtor nation.

2904 DEBT RECONSIDERATION

290401. Debts Which Will Be Reconsidered. Creditor organizations will reconsider debt validity and amount and the appropriateness of involuntary offset schedules upon timely receipt of a debtor's request. Debts, for which the debtor is entitled to and has petitioned for a hearing under this Regulation, will also be reconsidered. However, hearing procedures shall be complied with unless the debtor waives hearing or administrative hearing rights.

290402. Providing Debtors With Debt Records. Creditor organizations will provide the debtor with copies of records relating to the debt when requested. Records will be provided at debtor's expense. Fee charges will be determined on an individual basis according to the appropriate fee schedule.

290403. Effect on Interest, Penalty, and Administrative Charges. Neither debt reconsideration nor requests for records by themselves will stay debt collection proceedings including accrual of interest, penalty, or administrative charges.

290404. Document Support. Debtors who request reconsideration of salary offset schedules established other than by agreement with the debtors, will explain why they believe the offset schedule will cause undue financial hardship. These debtors will submit proposed alternative offset schedules and the financial statements specified by paragraph ? in chapter 30 of this Volume. Debtors who request reconsideration of debt validity or amount will submit documents and statements, if required, to support their positions.

290405. Written Decisions. Creditor organizations reconsidering debts will provide debtors with written decisions as follows:

A. If, after considering a debtor's statements and documentation, the debt is valid and the amount is partially or fully reaffirmed:

1. A statement of the reasons for reaffirming the debt, including, if applicable, reasons for adjusting the amount.

2. If a debtor is not entitled to or has not petitioned for a hearing or administrative hearing, notice of the collection actions that will be taken if full payment is not received within 30 days.

B. After considering a debtor's statements and documentation contesting an offset schedule, provide the debtor with: a statement that the alternate offset schedule proposed by the debtor has been accepted; or, a statement that the offset schedule established by the creditor organization does not impose undue financial hardship. If the debtor is not entitled to or did not petition for a hearing or administrative

hearing, provide notice that offset will begin the next established pay period if full payment is not received before pay deductions are initiated.

C. If a reconsideration so warrants, notify a debtor that the debt was invalid.



## CHAPTER 30

DEBT COLLECTION BY INVOLUNTARY SALARY AND ADMINISTRATIVE OFFSET3001 STATUTORY AUTHORITY

300101. Salary Offset Under 5 U.S.C. 5514, Installment Deduction for Indebtedness to the United States. Creditor organizations will use 5 U.S.C. 5514 (reference (t)) as the statutory authority to collect member's and employee's debts by salary offset when salary or administrative offset are not specifically authorized or required by other, more specific, statutes. Debtors whose debts are being collected under this authority will be given opportunities for oral or administrative hearings regarding the validity and amount of debts, or offset schedules established other than by agreement with the debtors. Provisions in this Regulation for salary offset and hearings specifically required by reference (t) are not required for debts being collected under other statutory authority covered in this Regulation.

300102. Requirement To Use 31 U.S.C. 3716, Administrative Offset Procedures. Creditor organizations will use administrative offset requirements of 31 U.S.C. 3716 (reference (o)) when collecting debts by administrative offset under the following statutes which specifically authorize or require administrative offset. Reference (o) administrative offset requirements apply to collections under any other statutes authorizing or requiring administrative offset to the extent such procedures are not included in those statutes.

A. 5 U.S.C. 5705, Advancements and Deductions (civilian employees) (reference (t)).

B. 10 U.S.C. 2775, Liability of Members for Damages to Housing and Related Equipment and Furnishings (reference (l)).

C. 37 U.S.C. 1007, Deduction From Pay (military members) (reference (bc)).

300103. Administrative Offset Under 5 U.S.C. 5705, Advancements and Deductions. When making collections of unearned advance per diem or mileage allowances, civilian employees will be given an opportunity to immediately pay

the amount due. If immediate payment is not made, full offset which does not cause undue financial hardship will be automatically made against accrued pay, retirement credit, or any other amount due the civilian employee from the United States. If the civilian employee does not pay, or there is no amount available for offset, all other appropriate debt collection provisions of this Regulation will be followed. The requirements for immediate repayment of unearned advances of per diem and mileage allowances will be explained at the time the advances are made. Explanation of the requirement will fulfill requirements of the initial demand letter should automatic deduction become necessary. Hearings are not required. Debts will be reconsidered upon request of debtors.

300104. Administrative Offset Under 10 U.S.C. 2775, Liability for Damages to Housing and Related Equipment and Furnishings. Hearings are not required for debts being collected by administrative offset from members under 10 U.S.C. 2775 (reference (l)). All other provisions of this Regulation except salary offset under 5 U.S.C. 5514 (reference (t)) apply to collecting these debts. These debts will be reconsidered on request of debtors.

300105. Administrative Offset Under 37 U.S.C. 1007, Deductions From Pay. Administrative offset under 37 U.S.C. 1007 (reference (bc)) is authorized for amounts administratively determined to be owed a DoD Component by a member. Except where there are questions of debt validity or truthfulness, oral or administrative hearings are not required for debts being collected by administrative offset under this statute. Policies for collecting routine pay adjustments under this statutory authority are in Volume 7 of this Regulation.

300106. Offset Under Statutes Not Specifically Covered. Nothing contained in this Regulation will prevent a DoD Component from pursuing collection under any statutory authority not specifically covered herein.

### 3002 REQUIREMENTS FOR INVOLUNTARY SALARY AND ADMINISTRATIVE OFFSETS

300201. General. Creditor organizations will collect debts by salary or administrative offset in every instance that such collection is feasible and is not otherwise prohibited and the debtor refuses to pay the debt in lump sum or agree to a voluntary payment schedule acceptable to the creditor organization. DoD Components have discretionary authority to accept voluntary payment agreements rather than offset salaries. If debts are delinquent and their existence and amount are not in dispute, maximum permissible amounts that will not cause undue financial hardship on debtors or be against equity and good conscience, will be offset from salaries. DoD Components will use sound discretion when collecting debts by administrative offset from non-salary amounts. Consideration will be given not only to whether the offset can be accomplished both practically and legally, but also whether offset is best suited to further and protect all interests of the DoD and the United States. Salary and administrative offset are permitted for debts owed a DoD Component or another federal agency.

300202. Time Limits. Action will not be initiated to collect debts by involuntary salary or administrative offset more than 10 years after the right to collect a debt first accrued unless facts material to the right to collect the debt were not known and could not reasonably have been known by the responsible DoD Component official. When the right to collect a debt first accrued is determined according to existing law such as 28 U.S.C. 2415 (reference (u)).

300203. Non-Waiver of Rights - Involuntary Payments Under 5 U.S.C. 5514. A debtor's involuntary payment of all or part of a debt being collected under reference (t) authority will not be construed as a waiver of any rights the debtor may have under that statute or any other provisions of law unless there are statutory provisions to the contrary.

300204. Scheduling Offset. Salary deductions will begin the next established pay period after receipt of offset requests, with appropriate claim forms and debt certification as specified in paragraph 300404 of this chapter, from DoD

creditor organizations or the Defense Manpower Data Center. Salary deduction may begin in a later pay period upon request by a creditor organization. Administrative (non-salary) amounts will be offset when they become due and payable to the debtor giving consideration to administrative offset requirements in paragraph 300201 of this chapter.

300205. Maximum Allowable Current-Salary Offset. Organizations collecting debts will ensure undue financial hardship is not imposed on debtors. Maximum allowable offsets from members' current pay are specified in Volume 7 of this Regulation. Involuntary current-salary offset under 5 U.S.C. 5514 (reference (t)) authority will not exceed 15 percent of disposable pay. Offsets under the authority of section 124 of Public Law 97-276, 5 U.S.C. 5514 note (reference (t)) will not exceed 25 percent of the pay from which the deduction is made, unless the deduction of a greater amount is necessary to make the deduction within the period of anticipated employment.

300206. Determining Disposable Pay. Organizations will use policies in this paragraph to compute disposable salary when taking involuntary offset against an employee's current salary. The amount of salary (pay) used in the computation will be total current basic, special, incentive, retired, and retainer pay, consultant's fees, and any other authorized pay. Disposable salary (pay) will be computed by making the following deductions.

A. Amounts withheld from benefits payable under Title II of the Social Security Act where withholding is required by law.

B. Federal income taxes.

C. Amounts mandatorily withheld for the United States Soldiers' and Airmen's home.

D. Fines and forfeitures ordered by a court-martial or by a commanding officer.

E. Amounts withheld for federal, state, and local income taxes if the withholding is authorized or required by law and if amounts withheld are not greater than would be the case if the debtor claimed all dependents, as defined in the federal, state, and local tax codes, to which

entitled. For computing disposable pay, no additional federal tax amounts will be deducted unless the debtor presents evidence of a tax obligation supporting the additional deduction.

F. Amounts withheld as health insurance premiums including, but not limited to amounts deducted from civil service annuities for Medicare where such deductions are requested by the Health Care Financing Administration.

G. Amounts deducted as normal retirement contributions including Survivor Benefit Plan and Retired Serviceman's Family Protection Plan deductions. Normal retirement contributions do not include amounts voluntarily contributed toward additional civil service annuity benefits.

H. Amounts deducted from salary as normal life insurance premiums including Servicemen's Group Life Insurance (SGLI) and "basic life" Federal Employee's Group Life Insurance (FEGLI). No optional FEGLI or life insurance premium paid by allotment, such as National Service Life Insurance, will be considered normal life insurance premiums.

**300207. Amounts Not Deductible When Determining Disposable Pay.** The following are amounts which will not be deducted from pay when computing disposable pay.

A. Existing indebtedness being collected for a DoD Component or other federal agency.

B. Court ordered garnishments.

C. Court judgments.

D. Court ordered bankruptcy payments under chapter 13 of the Revised Bankruptcy Act.

E. Voluntary allotments for child support.

F. Union dues deductions.

G. Charity deductions.

H. United States savings bonds deductions.

I. Federal (IRS) tax levies.

J. Savings allotments.

K. Thrift savings.

**300208. Determining Undue Financial Hardship.** An offset produces undue financial hardship when it prevents debtors' from meeting costs necessarily incurred for essential subsistence expenses for them, their spouses, and their dependents. Essential subsistence expenses include only food, housing, (including public utilities) clothing, transportation, and medical care. In making a final determination whether an offset within the percentage limits of paragraph 300205 of this chapter will impose undue financial hardship, creditor organizations will use the following information.

A. Income from all sources for debtors, their spouses and dependents.

B. The extent to which assets of debtors, their spouses, and their dependents are available to meet the offset and essential subsistence expenses.

C. Whether subsistence expenses have been reduced to minimum essential amounts.

D. The extent to which debtors, and their spouses can borrow money to meet the offset and minimum essential subsistence expenses.

E. The extent to which debtors and their spouses and dependents have other exceptional expenses that should be taken into account and whether the exceptional expenses have been minimized.

**300209. Debts for Which Administrative Offset, According to This Regulation, Is Not Authorized.** Administrative offset under this Regulation is not authorized with respect to:

A. debts owed by any (United States) federal agency or (United States) state or local government;

B. any case in which collection of the debt involved by administrative offset is explicitly prohibited by statute; or,

C. debts arising under or payments made under the Social Security Act, the Internal Revenue Code, or the tariff laws of the United States.

300210. Authority To Eliminate Second and Third Demand Letters. Availability of a debtor's funds for involuntary salary or administrative offset and a creditor organization's decision to take offset, releases the organization from the second and third debt notification letter requirements of this Regulation.

300211. Salary and Administrative Offsets Before Due Process. Salary, or administrative amounts payable to debtors will be involuntarily offset before initiation of or at any time during due process procedures if: failure to take the offset would substantially prejudice the DoD Component's ability to collect the debt; time before payment must be made does not reasonably permit completion of the procedures; and, such prior offset is promptly followed by due process procedures.

### 3003 DUE PROCESS

300301. Debtor Notification. Creditor organizations are responsible for providing due process. They will certify completion of due process procedures to the organization making the involuntary salary or administrative offset. In debt cases where due process has previously been provided to debtors, organizations accomplishing offsets will not duplicate the requirements before taking offset. The organization responsible for providing due process must ensure all requirements were met. In debt cases where salary or administrative offset has been taken before completion of due process, the requirements will be met as soon as possible after offset is initiated. Before offset is requested, creditor organizations must be able to demonstrate that debtors have received demand letters and notices of intent to offset. If hand-delivery and execution of a receipt of notice is not possible, certified or registered notices with return receipt requested may be used. Except as provided in paragraph 300211 of this chapter, before salary can be involuntarily offset under

statutes other than 5 U.S.C. 5705 (reference (t)), debtors must be advised of the following in addition to requirements of the initial demand letter as stated in paragraph ? of chapter 29 of this Volume.

A. A minimum of 30-days written notification, if not already provided, of the intent to collect by offset.

B. The right to inspect and copy DoD Component records related to the debt for which the debtor will bear the cost.

C. The amount, frequency, beginning date, and duration of the intended deduction if full payment is not received by the due date.

D. The fact that any amounts paid or deducted for a debt that is later found not owed will be promptly refunded unless there are applicable statutes or regulations to the contrary.

★ E. For salary offset under 5 U.S.C. 5514 (reference (t)), debtors will also be advised of the following:

1. The right to an oral or paper hearing on the DoD Component determination of the existence and amount of the debt or, when a repayment schedule is established other than by written agreement with the debtor, concerning the repayment schedule terms.

2. The right to request a hearing based on written submissions in lieu of an oral hearing when a creditor organization has determined an oral hearing would otherwise be appropriate.

3. The method and time period for requesting a hearing.

4. The fact that the timely filing of a petition for a hearing will stay debt collection proceedings including accrual of interest, penalty, and administrative charges.

5. The fact that the final decision on the hearing will be issued the earlier of 15 days from hearing completion or, unless the creditor agency has arranged an extension with the hearing official, not more than 60 days from the date the debtor submitted the petition.

6. The address to which correspondence regarding the hearing will be sent.

7. The fact that any knowingly false or frivolous statements, representations, or evidence may subject the debtor to: disciplinary procedures appropriate under chapter 75 of Title 5, U.S.C. (reference (t)), or any other applicable statute or regulation; penalties under the False Claims Act, sections 3729 - 3731 of Title 31, U.S.C. (reference (o)), or any other applicable statutory authority; or, criminal penalties under sections 286, 287, 1001, and 1002 of Title 18, U.S.C. (reference (s)), or any other applicable statutory authority.

300302. Hearings. Hearings are a due process requirement of 5 U.S.C. 5514 (reference (t)). Debtors are entitled to petition for hearings to contest debt existence or amount or the amount of an involuntary offset established other than by agreement with the debtor. Except as provided in paragraph 300211 of this chapter, hearings will be offered to debtors before involuntary offset is initiated. Oral hearings are not required if the debt type rarely involves issues of credibility or truthfulness. Creditor organizations will determine when a review of written records (administrative hearing) is sufficient to resolve debt issues. Debtors may elect an administrative hearing in lieu of an oral hearing when a creditor organization determines an oral hearing would otherwise be appropriate.

300303. Administrative Hearings. When debtors petition for hearings and the creditor organization determines an oral hearing is not required, the debt will nevertheless be given an administrative hearing. Administrative hearings will be made by a hearing official who would otherwise be authorized to hold an oral hearing for the debt being contested. Administrative hearings will be based on written submissions of the creditor organization and the debtor.

300304. Documenting Oral Hearings. Creditor organizations and agencies requesting oral hearings by DoD officials are responsible for documenting significant matters discussed at oral hearings held on their behalf.

300305. Authorized Hearing Officials. No DoD employee, except an administrative law judge, under the control or supervision of a DoD

creditor component or DoD employing component will hold an oral hearing or make an administrative hearing on any debt owed that DoD Component by an employee of that DoD Component. DoD personnel eligible to hold oral hearings or make administrative hearings for other DoD Components or federal agencies include grievance and appeals examiners, attorney advisors, judge advocates, and other persons who have been trained in or who have performed hearing officer duties. Hearings for debts owed to DoD Components by its employees should be held by eligible DoD Components according to table 30-1. Individuals not employed by DoD may be employed temporarily or intermittently to act as hearing officials but only when it is impractical to use DoD personnel. Control of DoD debt collection hearings is centralized at DFAS Indianapolis Center. Refer all debtor requests for hearings to the Indianapolis Center for action.

300306. Number of Hearings Authorized. Debtors will be afforded only one opportunity for either an oral hearing or administrative hearing. Hearing officials will hold only one hearing (oral or administrative) for a debt owed a DoD Component or federal agency.

300307. Creditor Organization Hearing Responsibilities. Following are oral and administrative hearing requirements for DoD Component creditor organizations.

A. Upon receipt of a debtor's oral or administrative hearing petition, reexamine debt basis, amount, and repayment schedule.

B. Within 15 days after receiving the petition provide debtors with the following:

1. A statement that the debt has been reconsidered, results of the reconsideration indicating whether the debtor's contentions have been accepted in whole or part, and a request that the debtor accept the reconsideration in lieu of an oral or administrative hearing.

2. Notification of the time, date, and location of the oral hearing to be held if the debtor does not accept results of debt reconsideration and the creditor organization determines that an oral hearing is required.

3. Notification that debt issues will be resolved by administrative hearing if the debtor does not accept results of debt reconsideration and the creditor organization determines an oral hearing is not required.

4. A list of submissions required of the debtor and the address to which submissions must be sent.

C. Also within 15 days after receiving the petition, provide both the debtor and the hearing official with:

1. Copies of debt records in the creditor organization's possession (provided to the debtor only if requested and not previously provided and then at the debtor's expense).

2. A statement supporting determination of debt basis and amount.

3. A statement setting forth reasons why an offset schedule, if being protested, does not create undue financial hardship.

4. For oral hearings, names of creditor organization witnesses and their anticipated statements.

D. For oral hearings, whenever feasible, coordinate a site, time and date convenient for debtors.

E. Creditor organizations will change oral hearings to administrative hearings on request of debtors if such requests are received at least 3 working days before established oral hearing dates and if all submissions will be available to hold the reviews at established times and places. Debtor elected administrative hearings will not be changed to oral hearings.

F. When a debtor accepts results of debt reconsideration, notify the hearing official that the oral or administrative hearing is not required.

#### 300308. Debtor Oral and Administrative Hearing Responsibilities

A. Debtors must indicate, in their initial written response, whether they are contesting debt validity, amount, or offset schedule.

When a creditor organization has determined that an oral hearing is required for a debt, a debtor may petition for an administrative hearing in lieu of the oral hearing. Debtors who petition for administrative hearings (in lieu of an oral hearing) will forfeit their right to an oral hearing and agree to accept the hearing official's decision as final, in writing, at the time of their request. The petition will not be revocable by a debtor.

B. Debtors and their representatives and witnesses are responsible for their expenses incident to inspecting and copying government debt records and attending oral hearings.

C. Debtors forfeit their oral or administrative hearing rights and will have their salaries offset according to established offset schedules if they fail to: file an oral or administrative hearing petition with the creditor organization by the date specified in the offset notification letter; appear on time at a scheduled oral hearing; or, file required submissions with the creditor organization and the hearing official within 3 working days of due dates.

D. During oral and administrative hearings, debtors will not raise any issues not previously raised with the creditor organization nor will they introduce any facts or records not previously submitted to the creditor organization.

E. Debtors who have petitioned for oral or administrative hearings regarding the validity and amount of debts and who do not accept results of debt reconsideration will have 30 days from receipt of notification of reconsideration results or 45 days from receipt of debt records provided under this Regulation, to provide both the creditor organization and the hearing official with:

1. A statement of the reasons why the debtor believes that a creditor organization's determination of the debt validity and amount is clearly erroneous, including all facts on which the debtor bases his or her belief.

2. Copies of any pertinent records the debtor plans to introduce to the oral or administrative hearing process if the records

differ from those provided by the creditor organization.

3. For oral hearings, the name of a representative if the debtor has elected one.

4. For oral hearings, if the debtor will have witnesses, a list of their names and a summary of their anticipated statements.

F. Debtors who have petitioned for oral or administrative hearings regarding salary offset schedules, established other than by agreement with the debtors, and who do not accept results of debt reconsideration will have 30 days from receipt of notification of reconsideration results or 45 days from receipt of debt records provided under this Regulation to provide both the creditor organization and the hearing official with:

1. A proposed alternative salary offset schedule.

2. Specific details on family, including debtor, spouse, and dependents, financial position for the 1-year period preceding and projected for the proposed alternative offset period.

3. A statement of the reasons why the debtor believes the salary offset schedule will impose undue financial hardship.

4. Copies of any pertinent debt records the debtor plans to introduce to the oral or administrative hearing process.

5. For oral hearings, the name of a representative if the debtor has selected one.

6. For oral hearings, if the debtor will have witnesses, a list of their names and a summary of their anticipated statements.

300309. Hearing Official Responsibilities. Oral and administrative hearings will be held according to the following requirements.

A. An oral hearing will consist of an informal conference before a hearing official.

B. Both the creditor component and the debtor will be given full opportunity to present documents, witnesses, and arguments.

C. The only evidence permitted, except oral testimony, will be that submitted as prehearing submissions.

D. Debtors will not raise any issues not previously raised with the creditor DoD Component or non-DoD federal agency.

E. Creditor DoD Components and non-DoD federal agencies will maintain a summary record of oral hearings.

F. A written decision will be provided to both the debtor and creditor DoD Component or other federal agency the earlier of 15 days from oral or administrative hearing completion or, unless the creditor DoD Component or non-DoD federal agency has arranged an extension with the hearing official, 60 days from the date the debtor submitted the oral or administrative hearing petition. Hearing officials will not be responsible for delays caused by DoD Components or non-DoD federal agencies.

G. A hearing official's decision will be final and will discuss basic facts documenting the debt. The decision will include conclusions concerning debt validity, amount, or propriety of contested offset schedules.

H. Hearing officials will review debtors' submissions received not later than 3 working days after the due dates to determine whether debtors forfeited oral or administrative hearing rights. If debtors show good cause, these rights will not be forfeited.

#### 3004 PROCESSING OFFSET REQUESTS FOR ANOTHER DOD COMPONENT OR FEDERAL AGENCY

300401. Determining Debt Validity. Organizations processing offset requests from another DoD Component or non-DoD federal agency are not authorized to determine the merits of debts for which offset is requested.

300402. Debtor Notification. Organizations making salary and administrative offsets for another DoD Component or non-DoD federal



agency will provide debtors with a copy of the debt claim form. If the date salary deductions will begin differs from the date on a debt claim form, debtors will be advised of the date deductions will begin. Debtors will also be advised when collections will be made from administrative (other than salary) amounts.

300403. Reporting Debtor Change of Employing Agency. Creditor DoD Components or non-DoD federal agencies will be notified by the collecting organization when employees, whose debts are being collected by salary or administrative offset, transfer to different paying agencies or terminate federal employment before debts are satisfied. Collecting organizations will certify amounts collected to creditor components or non-DoD federal agencies and provide copies of certifications to debtors. For interagency transfers, originals of the debt claim forms and copies of certifications of amounts collected will be included in debtors' official personnel folders.

300404. Processing Requests From DoD Components. DoD Components will process salary and administrative offset requests received directly from other DoD Components. Authority to confirm a DoD Component's administrative debt determinations is delegated to debtors' servicing disbursing officer. These offset requests must include the following certifications and information.

A. A statement that the debtor has been provided due process including the applicable statutory authority.

B. A DD Form 139, Pay Adjustment Authorization; DD Form 2481, Request for Recovery of Debt Due the United States by Salary Offset; or other authorized or prescribed debt claim form.

C. Details of the debt including the basis, amount, payment due date, and date the debt was due.

300405. Processing Requests From Non-DoD Federal Agencies. The Defense Manpower Data Center has been designated to receive and certify all requests from non-DoD federal agencies for salary and administrative offset against DoD Component employees.

### 3005 REQUESTING SALARY AND ADMINISTRATIVE OFFSET FROM ANOTHER DOD COMPONENT OR NON-DOD FEDERAL AGENCY

300501. Debt Certification. Organizations requesting salary and administrative offset against a debtor employed by another DoD Component or non-DoD federal agency will send the request directly to the debtor's employing component or agency. Administrative debt determinations will be confirmed by the DoD Component or other federal agency from which offset is requested. Offset requests will be accomplished by sending DD Form 2481 or other authorized or prescribed form to the paying agency.

300502. Debt Certification Waiver. When a debtor consents to salary or administrative offset in writing or signs a statement acknowledging receipt of due process procedures and the writing or statement is attached to the debt claim form sent to the employing agency, debt certification specified in paragraph 300501 above is not required.

300503. Coordinating Offset Requests. The organization requesting offset by another DoD Component or non-DoD federal agency is responsible for coordinating the amount and frequency of installment payments and a date for the first installment if a date different from the next established pay period is required. When the offset is requested from another DoD Component, a copy of the request including the debtor's name, will be sent to the Defense Manpower Data Center.

300504. Collection Upon Interagency Transfer. Organizations that have requested offset by a DoD Component or non-DoD federal agency and later receive notification that a debtor has transferred to another DoD Component or non-DoD federal agency, will ensure the new employing component or agency resumes debt collection.

### 3006 REQUESTING OFFSET AGAINST AMOUNTS DUE AND PAYABLE FROM THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND

300601. When Offset Will Be Requested. When a debtor has already separated and all payments



due from a former employing agency have been paid, DoD creditor organizations will request administrative offset from amounts due and payable from the Civil Service Retirement and Disability Fund. Offset will be requested from lump sum and annuity payments.

★300602. Time Limits. Requests for administrative offset against amounts payable from the Civil Service Retirement and Disability Fund will be made promptly. A request for offset satisfies requirements that offset be initiated before expiration of any applicable statute of limitations. Organizations that are both creditor and paying agency have a maximum of 60 days after a debtor separates or is no longer covered by the civil service retirement system to send to the prescribed debt notice or claim form to the Office of Personnel Management (OPM). When a DoD Component is the creditor agency but not a debtors' paying agency the DoD creditor organization will ensure OPM receives the debt claim or notice before expiration of the applicable statute of limitations and, if a refund is payable to a debtor, before the refund is paid. No other time limits apply for sending debt claims or notices to OPM.

★300603. Notifying OPM To Prevent Lump-Sum Payment. When a DoD Component cannot immediately send to OPM a complete debt claim which would preclude lump-sum payment to a debtor, OPM should be notified of the intent to request offset. Notification will be by made by submitting the claim form prescribed by OPM. If the prescribed form is not available, a separate document identifying the debtor by name, date of birth, social security number, and date of separation, if known, will be used. If a debt notice did not include the debt amount, the requesting DoD Component must establish the amount and notify OPM in writing as soon as possible after submitting the notice.

300604. Follow-Up Submissions for Debt Notices and Incomplete or Incorrect Debt Claims Forms. DoD Components that send debt notices to OPM or receive advice from OPM that a debt claim was either incorrect or incomplete must provide OPM with a complete or corrected debt claim within 120 days. Organizations may request one 60 day extension which must be received by OPM before expiration of the 120 days specified above. OPM will not hold a lump

sum payment more than 180 days awaiting a complete or corrected debt claim. These time limits do not apply to offsets against annuity payments.

300605. OPM Authority To Review Debt Merits. OPM is not authorized to review merits of DoD Components' determinations as to debt validity or amount.

300606. Notice to Debtors. The DoD Component making offset requests will notify debtors when their debts are sent to OPM for offset against the Civil Service Retirement and Disability Fund.

300607. Supporting Documents for Court Judgments. When a debt is supported by a court judgment specifying the debt amount, two certified copies of the court judgment will be sent to OPM with the debt claim.

300608. Debtors' Rights To Offer Repayment Schedules. If at least 1 year has elapsed since an offset request was originally made when a debtor makes a claim for payments against the retirement and disability fund, the debtor will be permitted to offer a repayment schedule to the creditor organization. In making a decision to accept a repayment schedule, the creditor organization will consider the circumstances under which debts remained unpaid before debtors made claims against the fund. To be acceptable, debtors must, as a minimum, establish that financial circumstances would make the offset unjust.

300609. Collection Actions After Referral to OPM. Creditor organizations will pursue debt collection by other means under this Regulation after debts are referred to OPM for offset. If collections are made, OPM will be promptly notified to modify or terminate offset requests.

300610. Minimum Debt Amount Referable. Debts less than \$100 will not be referred to OPM for offset from the Civil Service Retirement and Disability Fund. However, requests for offset of debts in any amount will be sent to OPM if debts were caused by an employee's failure to pay health benefits premiums while in non-pay status or when salary was not sufficient to pay premiums.

300611. Establishing Offset Schedules. If an offset must be made in installments, the organization submitting the request will advise OPM of the number of installments, the amount of each installment, and the date the first installment should be collected.

300612. Maximum Permissible Offset. Involuntary individual offsets are limited by OPM to 25 percent of net annuity for court judgments and 15 percent of net annuity for all other debts.

300613. Court Ordered Refunds. Organizations requesting offsets will certify to OPM that, if competent administrative or judicial authority issues an order directing OPM to pay a debtor an amount previously paid to the creditor organization, the amount will be reimbursed to OPM or paid to the debtor within 15 days of the order date.

300614. Certifications. DoD Components requesting administrative offset against the Civil Service Retirement and Disability Fund will include the following certifications and information:

A. a statement that the debtor owes the debt;

B. a statement that the debtor has been provided due process including the applicable statutory authority;

C. a certified debt claim form if specified by OPM;

D. debt details including basis, amount, payment due date, and date the debt was due;

E. a statement that DoD regulations pertaining to salary offset have been approved by OPM;

F. a statement that applicable statutes, regulations, and procedures required by OPM have been complied with; and

G. two copies of certification of the amount collected and a copy of notice to the debtor that the claim was sent to OPM.

300615. Debts Subject to Specific OPM Regulations. DoD Components will follow specific regulations published by OPM when sending the following debts for OPM offset:

A. debts due because an employee failed to pay health benefits premiums while in non-pay status or when salary was not sufficient to cover premium costs;

B. no more than 6 months of retroactive premiums due because an annuitant elected Part B Medicare coverage; or

C. overpayments of military retired pay that annuitants elected in writing to have withheld from their annuity.

300616. Requesting Offset for Debts Not Otherwise Processed Under This Regulation. DoD Components will comply with the following procedures when requesting OPM offset from the Civil Service Retirement and Disability Fund for debts not otherwise processed under this Regulation:

A. make the certifications required by paragraph 300614 of this chapter;

B. if the offset must be made in installments, advise OPM of the number of installments to be collected, the amount of each installment, and the date the first installment should be collected.

SELECTION OF HEARING OFFICIALS FOR DOD COMPONENT DEBTS (Note 1)			
	COLUMN A	COLUMN B	COLUMN C
R U L E	IF THE CREDITOR COMPONENT IS:	AND THE DEBTOR IS EMPLOYED BY:	THEN OBTAIN HEARING OFFICIAL FROM:
1	DFAS	DFAS	ANY MILITARY DEPARTMENT
2	DFAS/MILITARY DEPARTMENT (Note 2)	MILITARY DEPARTMENT	OTHER MILITARY DEPARTMENT (Note 3)
3	DFAS/MILITARY DEPARTMENT (Note 2)	DFAS	OTHER MILITARY DEPARTMENT (Note 3)
4	MILITARY DEPARTMENT	DFAS	OTHER MILITARY DEPARTMENT (Note 3)
5	MILITARY DEPARTMENT	MILITARY DEPARTMENT	DFAS/OTHER MILITARY DEPARTMENT (Note 3)
6	OTHER DOD COMPONENT	OTHER DOD COMPONENT	DFAS/ANY MILITARY DEPARTMENT
<p>Note 1. Contact DFAS-IN for guidance in cases with circumstances other than those included in this table.</p> <p>Note 2. DFAS and a Military Department are both considered creditor components in situations when one makes payment for another using the other's appropriation. In such a case, neither the paying or employing component can provide the hearing official.</p> <p>Note 3. Other Military Department is any one other than the creditor Military Department identified in Column A as the creditor component.</p>			

Table 30-1. Hearing Officials for DoD Component Debts

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## CHAPTER 31

**DEBT COMPROMISE: SUSPENDING AND TERMINATING COLLECTION ACTIVITY;  
DEBT WRITE-OFF AND RETENTION**3101 DEBT COMPROMISE

310101. Authority To Compromise. Only the Department of Justice (DOJ) has authority to compromise debts exceeding \$100,000 exclusive of interest, penalties, and administrative charges. The Secretary of Defense has the authority to delegate and has properly delegated the authority to compromise debts of \$100,000 or less to the Directors of DFAS Centers and other agency heads. Designated DoD Components may compromise debts which do not exceed \$100,000 exclusive of interest, penalties, and administrative charges after deducting amounts paid. No compromise action is authorized on debts referred to the General Accounting Office (GAO) or the DOJ unless the debt is returned to the DoD Component for disposition. DoD Components will not compromise, but will refer to the DOJ, any debts that appear to be based on fraudulence or which are based on a violation of antitrust laws.

310102. Referring Compromise Offers to the GAO and the DOJ. A DoD Component holding a debtor's firm written and substantial compromise offer for a debt less than \$100,000 exclusive of interest, penalties, or administrative charges will refer the matter to the GAO or the DOJ if there is uncertainty whether the offer should be accepted. Referral will include all supporting information. The GAO or the DOJ may act on the offer or provide instructions or advice. If a compromise offer for a debt exceeding \$100,000 exclusive of interest, penalties, and administrative charges is received and is acceptable to the DoD Component, the debt case will be referred to the DOJ using a Claims Collection Litigation Report. Referrals will specify reasons for compromise recommendations.

310103. Compromise Because of Litigative Risks. Designated DoD Components will compromise debts when there is real doubt as to the government's ability to prove its case in court for the full debt amount either because of legal issues involved or a bona fide dispute as to facts. In determining litigative risks, proportionate weight will be given the probable amount of

court costs and attorney fees which may be assessed against the Government under the Equal Access to Justice Act if litigation is unsuccessful. Amounts accepted in compromise under these circumstances should reasonably reflect the probability of prevailing on legal questions involved, probability of full or partial recovery of a judgment paying due regard to availability of witnesses, other evidentiary Government support, and related practical considerations.

310104. Compromise With Joint and Severally Liable Debtors. DoD Component organizations will not attempt to allocate the burden of paying a debt among jointly and severally liable debtors but will liquidate debts as quickly as possible. Compromise agreements taken with one jointly and severally liable debtor will be taken so that the agreement does not release the DoD Component's claim against other debtors. The amount of a compromise with one jointly and severally liable debtor will not be considered binding when determining the amount which will be paid by other debtors.

310105. Compromise Because of Inability To Enforce Collection. Debts will be compromised when the Government will be unable to enforce collection. When making this determination, DoD Components will consider applicable exemptions available to debtors under state and federal laws and uncertainty as to the price collateral or other property might bring at a forced sale. Amounts compromised will bear a reasonable relationship to amounts which can be recovered by enforced collection having regard for exemptions available to debtors and the time collection will take.

310106. Compromise Because Collection Costs Exceed Amounts Recoverable. Debts will be compromised when collection costs do not justify enforced collection of the full amount. Generally, collection costs will be a significant factor in small-debt compromise decisions but will not be a significant factor in large-debt compromise decisions. When determining which debts to pursue, creditor organizations will weigh the positive effect of a vigorous small-debt collection

policy against the cost of collecting debts. Consideration will be given to practical benefits that vigorous collection of some small debts will demonstrate to other debtors that resistance to debt payment is unlikely to succeed. When making compromise decisions under these circumstances, DoD Components will consider an appropriate discount for administrative and litigative collection costs and the time collection will take.

310107. Compromise Because Debtors Are Unable To Pay Full Amount. Debts will be compromised if debtors are unable to pay the full amount in a reasonable time or if debtors refuse to pay in full and the Government would be unable to enforce full collection within a reasonable time. The following factors, as a minimum, will be considered when determining a debtor's ability to pay:

- A. Debtor's age and health.
- B. Debtor's current and potential income.
- C. Debtor's inheritance prospects.
- D. Possibility that assets were concealed or transferred to avoid debt payment.
- E. Availability of assets or income realizable from enforced collection proceedings.

310108. Compromise for a Combination of Reasons. Debts will be compromised using any applicable combination of reasons in this section.

310109. Obtaining Debtor Credit Information. If the DoD Component's files do not contain up-to-date financial information on which to base compromise decisions, credit information will be obtained from commercial credit bureaus and from debtor's statements executed under penalty of perjury.

310110. Compromises Payable in Installments. Compromised debts will be collected in lump sum. However, if installment payments are necessary, the compromising authority will obtain from the debtor, a legally enforceable agreement for reinstatement of the original debt less principle payments, and acceleration of the

total balance due upon default of an installment payment.

310111. Compromises for Other Than Cash. DoD Components will not accept either a percentage of a debtor's profits or stock in a debtor's corporation in compromise of a claim.

## 3102 SUSPENDING AND TERMINATING COLLECTION ACTIVITY

310201. Authority To Suspend or Terminate Collection Activity. Only the DOJ has authority to suspend or terminate collection action on debts exceeding \$100,000 exclusive of interest, penalties, and administrative charges after deducting amounts paid. Designated organizations may suspend or terminate collection actions on debts not exceeding \$100,000 exclusive of interest, penalties and administrative charges, after deducting amounts paid. No suspension or termination action is authorized on a debt referred to the GAO or DOJ unless the debt is returned to the DoD Component for disposition. DoD Components will refer to the DOJ any debt that appears to be based on fraudulence or which are based on a violation of antitrust laws.

310202. Referring Suspension and Termination Actions to the DOJ. DoD Components authorized to suspend or terminate collection actions are also authorized to refer debts to the DOJ for suspension or termination action. If, after evaluating a debt exceeding \$100,000 according to this section, a Component believes collection action should be suspended or terminated, the debt will be sent to the DOJ according to procedures in chapter 32 of this Volume.

310203. Suspension When Debtors Cannot Be Located. Collection action will be suspended when debtors cannot be located and there is reason to believe future collection action will be sufficiently productive to justify periodic review and action on debts. Every reasonable effort will be made to locate debtors sufficiently in advance of the bar of the statute of limitations to permit timely filing of suit if such action is warranted.

310204. Suspension When Debtors Are Unable To Pay. Collection action will be suspended when debtors own no equity in real or personal property and are unable to make payments or effect compromise at the time but future pros-

pects justify retention of the debt for periodic review and action and:

A. the applicable statute of limitations has been suspended;

B. future collection can be made by offset notwithstanding the statute of limitations or the 10-year offset limitation prescribed for salary and administrative offset in this Regulation;

C. the debtor agrees to pay interest on the debt amount on which collection is suspended; and

D. suspension is likely to enhance a debtor's ability to pay the full debt principal and accrued interest at a later date.

310205. Suspension When A Permissive Waiver Statute Applies. Collection action will be suspended even though waiver statutes are permissive and do not prohibit collection action while waiver requests are being considered if:

A. there is reasonable probability that waiver will be granted or that debts, in whole or part, will be found not owing;

B. DoD interests will be protected, if there is a reasonable assurance that debts would be recovered if debtors do not prevail; or

C. collection will cause undue financial hardship.

310206. Suspension When Refunds Would Not Be Authorized. Collection action will be suspended if an applicable statute or regulation does not authorize refund of amounts collected before waiver determination if the waiver authority should act favorably on the request. Inability to make a refund will not be a factor in determining to suspend collection if a waiver request and surrounding circumstances are frivolous and the request was made apparently to delay debt collection.

310207. Terminating Collection of Erroneous Debts. Collection will be terminated on debts which are clearly erroneous or clearly without legal merit.

310208. Termination When Debtors Are Unable To Pay. Collection will be terminated and case files closed when it becomes clear the DoD Component cannot collect or enforce collection of any significant sum because debtors are unable to pay. Determinations will be made giving due regard to judicial remedies available to the Government, debtors' future financial prospects, federal and state legal exemptions available to debtors, and applicable statutes of limitations. The following factors applicable to debtors will be considered:

A. Age and health.

B. Current and potential income.

C. Inheritance prospects.

D. Possibility that assets were concealed or transferred to avoid debt payment.

E. Availability of assets or income realizable from enforced collection proceedings.

310209. Termination Because Costs Exceed Amounts Recoverable. Debt collection will normally be terminated when collection costs will exceed the amount recoverable. Creditor organizations will weigh practical benefits that vigorous collection of some of these debts will demonstrate to other similar debtors that resistance to debt payment is unlikely to succeed.

310210. Termination Because Debtors Cannot Be Located. Collection action will be terminated when debtors cannot be located; the applicable statute of limitations has run; and prospects of collecting by offset, notwithstanding the bar of the statute of limitations, are too remote to justify debt retention.

### 3103 DEBT WRITE-OFF, CLOSE-OUT, AND RETENTION

310301. General. Designated DoD Components will develop write-off procedures that identify and remove uncollectible accounts from accounts receivable records and close-out procedures that discontinue collection activity. These procedures will improve accounting for the cost of collection programs and allow management to focus efforts on accounts most likely to be collected.

310302. Debt Write-Off. Debts will be written off when:

A. A judgement was obtained but full or partial debt collection could not be made.

B. A debtor was unable to pay.

C. Collection costs would exceed the amount recoverable.

D. A debtor could not be located and the statute of limitations has expired.

E. A collection agency was unable to collect a debt and returned the debt to the referring organization with documentation sufficient to demonstrate that further collection action would be futile.

310303. Debt Close-Out. DoD Components shall close out written-off accounts and remove the accounts from other active receivables.

A. Maintain subsidiary records of accounts that may be collected by offset against future benefit claims.

★ B. Maintain an IRS referral log by calendar year which contains a record of amounts written-off and debtor-identifying information for income reporting on IRS Form 1099-C, "Canceled Debt" (see paragraph 310304 below).

C. Collection action will be re-instituted on closed-out accounts if there is subsequent evidence that a debtor has new ability to repay.

310304. Debt Retention. Unless documentary evidence shows there is no potential for future collection, debts written off for which collection costs are not a factor, will be retained in an inactive file until the 10-year administrative offset limitation expires. Inactive debts will be periodically matched against the Defense Manpower Data Center United States-employee files and collected by salary or administrative offset when debtors are found to be employed by the United States. These debts may be collected by other means required or authorized by this Regulation if the 6-year statute of limitations has not expired. DoD Components that write off or compromise debts will maintain logs for later reporting to the IRS. Debt write offs and compromises totaling \$600 or more for an individual debtor in a calendar year will be reported to the IRS as income to the debtor. Write offs and compromises will be included in the total only if the debtor received something of value.



## CHAPTER 32

DEBT REFERRALS OUTSIDE THE DEPARTMENT OF DEFENSE3201 REFERRALS TO THE GENERAL ACCOUNTING OFFICE AND THE DEPARTMENT OF JUSTICE

320101. Debts Which Will Be Referred. DoD Components will refer to the DOJ any debt where there is an indication of fraud or the presentation of a false claim. The DOJ must authorize collection action on these debts. Except where preliminary referral to GAO is provided in paragraphs 320104 and 320105 below, debts on which aggressive collection action has been taken according to this Regulation and which cannot be compromised, suspended, or terminated, will be referred promptly, without prior GAO referral, to the DOJ for litigation. The DOJ establishes minimum dollar thresholds for referring these debts.

320102. Timing. Referrals will be made as early as possible consistent with collection actions and will be made well within the time limit for bringing suit against debtors. Ordinarily, referrals will be made within 1 year of creditor organizations' final determinations as to facts and amounts of debts.

320103. Department of Justice Referral Addresses. Debts with an original gross amount of \$100,000 or more will be referred to the DOJ Central Intake Facility.

320104. Debts Arising From GAO Exceptions. Debts arising from exceptions taken by the GAO to payments made by DoD Component DOs will be referred to the GAO for review before referral to the DOJ for litigation.

320105. Questionable Debts. Questionable debts will be referred to the GAO for resolution or instructions before collection actions or referral to the DOJ for litigation. DoD Components will follow instructions and observe monetary limitations in the GAO Policy and Procedures Manual for Guidance of Federal Agencies (reference (x)) when making preliminary referrals to GAO. Questionable debts include those where there is doubt as to:

- A. Merits or amount of a debt.
- B. Propriety of proposed compromise.
- C. Propriety of suspending or terminating collection action.

320106. Claims Collection Litigation Report. DoD Components will use Claims Collection Litigation Reports, prescribed by the DOJ, for making preliminary referrals to the GAO and referring debts to the DOJ for litigation. A checklist or brief summary of action taken to collect or compromise debts and, if any administrative collection actions required by the Federal Claims Collection Standards, 4 C.F.R. 102, (reference (bb)) are not complied with, reasons for omitting the requirements will accompany reports. Reports will include debtors' current addresses. Reasonable steps will be taken to locate missing debtors. Referrals to the DOJ for foreclosure or other proceedings, in which a debtor's address is unknown, will include a list of prior known addresses and a statement of steps taken to locate the debtor. Reasonably current credit data will also be included in reports. Debtors' credit should indicate there is reasonable prospect of enforcing debt collection having due regard for exemptions available under federal and state laws and judicial remedies available to the Government. Credit data must be in one of the following forms:

- A. A commercial credit report.
- B. An investigative report showing debtor's assets, liabilities, income, and expenses.
- C. A debtor's own financial statement, executed under penalty of perjury, showing assets, liabilities, income, and expenses.

320107. Criteria for Omitting Claims Collection Litigation Report Credit Data. DoD Components may omit credit data from a Claims Collection Litigation Report if: a debtor is bankrupt or in receivership; a debtor's liabilities to the DoD Component are fully covered by insurance, in

which case, the referring organization will provide information on the insurer's identity and address and the type and amount of insurance; or, the nature of a debtor is such that credit data is not normally available or cannot be reasonably obtained, for example, a state or local government unit.

320108. Contacting Debtors After Referral. Once debts have been referred to the GAO or the DOJ, DoD Components will refrain from contact with referred debtors. Debtors who raise questions pertaining to these debts will be referred to the GAO or the DOJ as appropriate. DoD Components will immediately notify the agency holding the debt of any payments received subsequent to referral.

### 3202 DEBT REFERRALS TO PRIVATE COLLECTION AGENCIES

320201. Authority To Use Private Collection Agencies. Centralized debt collection organizations may use private collection agencies to supplement their debt collection programs.

320202. Contracting for Private Collection Agency Services. Contracts awarded by a DoD Component for private collection agency services will have the following minimum provisions:

A. The DoD Component will retain authority to resolve disputes, compromise debts, suspend and terminate collection activity, and refer debts to credit bureaus and to the DOJ for litigation.

B. Contractors will be subject to the Privacy Act of 1974 to the extent specified in 5 U.S.C. 552a(m) and other federal and state regulations and laws.

C. Contractors will be required to account strictly for all amounts collected.

D. Contractors will record all collection activity for each debt and provide, when available, any information needed by the DoD Component to complete a claims collection litigation report.

E. Contracts will specify minimum requirements for the following collection activities:

1. Locating and contacting debtors.
2. Installment payments.
3. Returning uncollectible debts to the DoD Component.

F. Contractors will be required to calculate, assess, collect, and return to the DoD Component, interest, penalties and administrative charges as specified in this Regulation.

320203. Collection Contract Funding. Collection agency contracts awarded by a DoD Component will normally be funded by contingency fees. Fees will be based on a percentage of collections and will be consistent with prevailing commercial rates. Collection agency contracts awarded by a DoD Component may be funded on a fixed-fee basis but only to the extent funds are available in advance appropriations or other legislation.

320204. Referring Government Employees. DoD Components will not normally refer U.S. Government employees to commercial collection agencies. However, such referral is not precluded.

### 3203 DEBT REFERRALS TO COMMERCIAL CREDIT BUREAUS

320301. Authority To Refer Debtors. Centralized debt collection organizations authorized to terminate or write-off debts will report the following debt categories to commercial credit bureaus:

A. Delinquent debts which are not feasible to collect.

B. Debts referred to the GAO for collection.

C. Debts referred to the DOJ for litigation.

320302. Due Process Protection. Before referring debts to commercial credit bureaus, DoD Components will ensure debtors are provided due process. Debtors will be provided a minimum of 60-days' advance notice before debts are referred.

320303. Maintaining Referred Debts Current. The referring organization will notify credit bureaus when there is a substantial change to a referred debt. Referring organizations will establish procedures to promptly disclose current information on debts when requested by credit bureaus to which debts were referred.

320304. Maintenance of Debt Records. Records for debts referred to commercial credit bureaus on which no other collection action will be taken will be retained for 13 months for commercial debts or 7 years for individual debts.

3204 DEBT REFERRALS TO THE INTERNAL REVENUE SERVICE FOR TAX REFUND OFFSET

320401. Authority To Refer Debts. Title 31, U.S.C., section 3720A (reference (o)) authorizes the IRS to collect certain past due and legally enforceable debts by offset against tax refunds. Referring organizations will comply with agreement between the IRS and DoD for implementing and administering tax refund offset. The single DoD manager and contact point for the program is DFAS Denver Center (DFAS-DE/Y).

320402. Due Process and Certification. Before referring debts for tax refund offset, all debtor due process protections and notifications afforded by statute, regulation, or agreement will be satisfied. Certification of compliance will be furnished the IRS as required by statute, regulation, or agreement.

320403. Maintaining Referred Debts Current. Periodic updates to data submitted under this program will be furnished the IRS as required by statute, regulation, or agreement.

320404. Access To and Use of Tax Information. Federal officers or employees operating or using this debt collection process must be made aware that access to and use of confidential tax information in connection with offset of federal tax overpayment under IRS Code, section 6402(d), is restricted by section 6103 of the IRS Code. Confidential tax information received must be adequately safeguarded. Personnel who access or use confidential tax information must be

informed of these restrictions and of the sanctions or penalties that may be imposed for violation of restrictions on access and use of tax information.

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## APPENDIX A

CASH VERIFICATIONA101 CASH VERIFICATION TEAM PROCEDURESA10101. Nature and Time of the Verification.

At least once during each calendar quarter the cash verification team shall conduct a surprise verification of the cash and other assets under the cash accountability of the DO. The cash verification team shall insure that the DO and his or her agents are not given advance notification of the intent to conduct the verification either formally or informally. The scheduling of the verifications should be determined in random fashion to insure they do not predictably fall during a particular time period each quarter. If an audit of the DO's accountability by transfer of account, Component investigative, or audit agencies has been conducted during any given quarter, the commander may elect to omit the cash verification for that quarter.

A10102. Verification Procedures

A. General. Immediately upon arrival, the cash verification team shall present a copy of their letter of appointment and assume control over all cash and other assets in the DO's cash accountability. If access is refused, the verification team leader shall notify the commander immediately. Each custodian of public funds shall prepare a DD Form 2665 and the DO shall prepare a DD Form 2657 as for the close of business of that day and turn it over to the cash verification team. At this time no further business may be conducted by any custodian of public funds until the cash verification team has completed the count of that custodian's funds. Normally, the duty cashier's funds are the first to be verified in order to minimize the impact on disbursing operations. It is therefore not practical to conduct the cash verification on days involving unusually high volumes of disbursing transactions.

B. Cash and Other Assets. All vaults, safes, security containers, and cash drawers housing cash or other assets shall be secured and the contents thereof shall be inventoried by actual count in the presence of the person ac-

countable for their safekeeping. If the commander determines that it is not practical to inventory the funds in the possession of some of the DO's agents because of inaccessibility or geographic separation, the cash verification team shall verify the amounts shown on custody receipts by telephone with the accountable person; by examination of the permanent file of cash verifications and certification held by the disbursing office; or by any other means available in order to complete the cash verification process and make note of the limits to their verification in their report. However, if agent cash accountability is not physically verified at the time the DO's cash accountability is verified, no quarterly verification of agent cash is considered to have been made. Documents representing unvouchered expenditures shall be verified further by determining that checks were issued to the designated payee, or that the signature on cash receipts is authentic. Undeposited checks shall be examined to insure that they are negotiable instruments the DO has been authorized to exchange for cash; that they are not dated more than 10 days prior to the cash verification date; and that checks received as collections are kept apart from those checks received in accommodation exchange transactions.

C. Authorizations and Records. Blank checks, both working stock and bulk storage, shall be inventoried to insure that all check issues have been properly reported. Where roll stock of blank checks are used, the inventory shall be conducted by recording the ending number from the reels and not by unrolling of the reel which may destroy the stock. Voided and spoiled checks held by the DO pending local destruction shall be examined to insure they are properly defaced and stored in authorized containers. Undelivered checks shall be inventoried to insure that: none are missing; none exceed the time limit to be held; and, all are properly safeguarded. Amounts of cash held at personal risk by the DO and his or her agents shall be compared to the authorization to hold such cash by the commander.

D. Imprest Funds and Change Funds.

All imprest funds and change funds shall be verified at least once each quarter by members of the cash verification team. Verification of imprest fund cashier and change fund custodian cash may be simplified by appointment of an individual (rather than a team) to do the applicable cash verification. The verification shall be accomplished by totalling all receipts and counting all cash to prove the total shown on the cash receipt held by the DO. Any receipts for cash advanced by the imprest fund cashier more than five days old shall be investigated and commented on in the cash verification report if not redeemed before the report is issued. All change funds shall be certified as being intact in writing by the accountable individual at the time of the cash verification. The verification of change funds shall consist of verifying that the cash drawer contains the amount of the change fund, after deducting any sales proceeds or receipts. Verifications of both imprest fund cashiers and change fund cashiers shall insure that none of the change fund consists of personal checks from the cashier, any of the cashier's supervisors, or the individual charged with accountability for the change fund.

★ E. DD Form 2657, Daily Statement of Accountability. After proving all the entries for cash and other assets by the preceding verifications, the cash verification team shall insert the following statement on (or attach to) the DD Form 2657:

"On (date) at (time), the undersigned verified by actual count cash in the amount of \$          , together with all documents held supporting collections and disbursements, which (is)/(is not) in agreement with this daily statement of accountability.

\_\_\_\_\_  
Signature and Rank of Verifying Official"

F. Safekeeping Deposits. Immediately after the verification of the DO's cash accountability, the cash verification team shall verify all safekeeping deposits and the postal stamp funds (if applicable) with established procedures contained in chapter 27 of this Volume.

G. Report of Verification. The cash verification team shall report its findings in

writing to their appointing official immediately on completion of verification of both official funds and safekeeping deposits. The report shall be prepared in original and three (3) copies. The original shall be forwarded to the appointing official. If the appointing official is not the commander of the DO, the report shall be addressed jointly to the appointing official and the commander of the DO so that both receive an original of the verification report. The first copy of the verification report shall be forwarded to the DO, the second copy shall be forwarded to the DFAS Center serving the DO and the third copy shall be retained by the cash verification team in a permanent file. The verification report shall contain: the date the verification was conducted; the date of the preceding verification; a statement as to whether or not safe combinations have been changed as required and the dates of the last changes; the identity of each person holding cash under the DO's cash accountability that was not verified by actual count, the amount of cash each held, and the method of contact made with each custodian, if any contact was made; a statement as to whether or not the verified cash accountability of the DO agrees with the DD Form 2657 cash and other assets totals; a list of undeposited checks containing a description of those not handled as prescribed by this Volume; a statement as to whether or not the DO is taking timely action to clear debit vouchers, check issue discrepancies, check issue reporting gaps, double payments, forgery recoveries through the banks, and reissue of limited payability check cancellations; and, a statement as to whether or not safekeeping deposits verified agree with safekeeping deposit records. The cash verification team shall follow-up during the next quarterly cash verification to ensure that deficiencies noted in the previous cash verification report have been corrected by the DO and report the results to their appointing official in the form required by that official. The senior member of the cash verification team shall insure that all rough working papers and correspondence pertaining to the cash verification is maintained as a permanent part of the cash verification teams' records.

A102 CASH VERIFICATION TEAM CHECK-OFF LIST

A10201. The senior member of the cash verification team shall inform the DO's immediate

supervisor of their arrival to conduct the surprise verification of cash and other assets.

A10202. Secure all accessible safes holding DO cash accountability items until their contents can be verified.

A10203. If ATMs are operated by the DO, direct the DO to conduct a full "end-of-session" with the ATM system before the actual cash count of ATM currency is conducted.

A. The DO or the ATM agent shall remove all canisters, whether empty or loaded, and deliver them to the disbursing office for the cash verification team.

B. Use the ATM end-of-session reports to balance the ATM system. Require the ATM agent or DO to complete DD Form 2672, ATM Cash Balance Sheet for each ATM terminal. The DD Form 2672 will reconcile the funds remaining in the ATM terminal to the original amount loaded in the terminal and the amount of funds withdrawn from the terminal. The end-of-session reports will show how much was dispensed by each terminal. If the DD Forms 2672 and the end-of-session reports agree, the ATM terminal is in balance. Complete the identical process for each ATM terminal and the ATM system is in balance.

C. Require the DO to prepare the vouchers covering ATM transactions since the preceding end-of-session and post them to the financial records.

D. The DO's cash balance on the DD Form 2657 shall be the sum of the cash in the DO's safe or vault, receipts for funds in the custody of his or her agents, and the ATM account balance from the end-of-session.

E. Insure DD Form 2670, Automated Teller Machine (ATM) Ledger is properly maintained and in balance.

F. Insure that ATM passwords and ATM safe combinations are changed every six months as required.

G. Insure that ATM cards and personal identification numbers are properly safe-

guarded and that ATM accounts are being closed when the account holder is transferred.

H. Review all closed and dormant ATM accounts for audit. Closed accounts shall not be deleted from the system for 30 days. After 30 days, if no funds are in these accounts, they shall be deleted from the system. If funds are still in these accounts after 30 days, adjustment action shall be taken to refund the balance to the account holder.

A10204. Require the DO to balance the DD Form 2657 and make a list of items due the U.S. Government that are included in the balance.

A10205. Commence the actual count of currency and other assets.

A. Cash

1. Count all currency and coin in the presence of the individual accountable for the asset.

2. Count all items representing cash, including exchange-for-cash checks, in the presence of the individual accountable for the asset.

3. Verify the cash and receipts held by agents in the disbursing office equals the receipts signed by those agents and held by the DO.

4. Count all negotiable instruments representing cash held by the DO awaiting deposit.

B. Other Assets

1. Review and total all receipts for cash held by agents of the DO who are located outside the disbursing office.

2. Review and total all SFs 215 for which both the memorandum and agency copies are held, indicating that the deposit has not been confirmed, and require the DO to commence tracing items over three weeks old as lost in transit deposits.

3. Review the SFs 5515 and the associated dishonored checks and require the DO

to commence collection from the drawers of the dishonored checks.

4. Review documents for unvouchered expenditures and money lists.

5. Review exchange-for-cash checks in transit.

6. Review FMS Forms 5206 representing overdrafts and underdrafts.

7. Review actions on previously reported losses of funds.

8. Verify bank statements and balances of foreign currency held in limited depositary checking accounts.

9. Verify by actual count the amount of foreign currency against the subsidiary records and the foreign currency reports.

A10206. Review the vouchers supporting gains and losses on foreign currency transactions.

A10207. Verify safekeeping deposits, postal funds, postage stamp stock, and postal money order stock, if applicable.

A10208. Review the DO's compliance with the provisions of this Volume for cashing personal checks and the collection of dishonored checks.

A10209. Insure that checks representing collections are properly identified and supported by collection vouchers so that dishonored personal checks received as collections may be charged back to the receiving activity and are not held as losses due to accommodation exchanges carried out by the DO.

A10210. Examine previous cash verification reports and insure that deficiencies being reported a second time in the current cash verification report are noted as serious conditions and advise the commander of action necessary to immediately remedy the deficiencies of the DO.

A10211. Review DD Form 2658, Returned and Undeliverable Check/Bond Record maintenance and DO's attempts to make delivery of checks within the prescribed 60 day holding period.

A10212. Compare military payroll vouchers and money lists with related pay accounts to ensure payments are posted to the member's account.

A10213. Verify all undeposited checks in relation to the prescribed frequency and timeliness of deposits.

A10214. Review all letters of authorization to hold cash at personal risk to ensure that cash held is commensurate with needs and in compliance with the letters of authorization.

#### A103 FINALIZATION

A10301. Verify totals from the above reviews with the amounts reported on the DD Form 2657.

A10302. Notify the DO's immediate superior and the commander of any deficiencies and advise them that a written report shall be prepared.

A10303. All members of the cash verification team shall sign and certify the results of the cash verification on the DD Form 2657 or a paper attached to the DD Form 2657.

★A10304. Distribute the original of the cash verification report to the appointing commander, a copy to the DO, and retain a copy for the cash verification team records.



## APPENDIX B

FEDERAL RESERVE BANKS AND BRANCHES

Office	For Cash Deliveries	For Check Deliveries	Mailing Address (if different from street address)
<b>Boston</b>	Federal Reserve Bank of Boston Cash Services Dept. 600 Atlantic Ave. Boston, MA 02106	Federal Reserve Bank of Boston Check Collection Dept. S-3 600 Atlantic Ave. Boston, MA 02106	
<b>New York (Head Office)</b>	Federal Reserve Bank of New York 33 Liberty St. New York, NY 10045 Attn: Cash Dept.	Federal Reserve Bank of New York 33 Liberty St. New York, NY 10045 Attn: Check Dept.	
<b>Buffalo</b>	Federal Reserve Bank of New York Buffalo Branch 160 Delaware Ave. Buffalo, NY 14202 Attn: Cash Dept.	Federal Reserve Bank of New York Buffalo Branch 160 Delaware Ave. Buffalo, NY 14202 Attn: Check Dept.	Federal Reserve Bank of New York Buffalo Branch P.O. Box 961 Buffalo, NY 14202
<b>Cranford</b>	NO CASH DEPOSITS	Federal Reserve Bank of New York Cranford RCPC 2 Jackson Drive Cranford, NJ 07106 Attn: Check Processing	
<b>Jericho</b>	NO CASH DEPOSITS	Federal Reserve Bank of New York Jericho RCPC 113 South Service Rd. Jericho, NY 11753 Attn: Check Processing	
<b>Utica</b>	NO CASH DEPOSITS	Federal Reserve Bank of New York Utica RCPC Oneida County Airport Oriskany, NY 13424 Attn: Check Processing	
<b>Philadelphia</b>	Federal Reserve Bank of Philadelphia Cash Operations Receiving, Lower Level 10 Independence Mall Philadelphia, PA 19106	Federal Reserve Bank of Philadelphia Check Operations Receiving, First Floor 10 Independence Mall Philadelphia, PA 19106	Federal Reserve Bank of Philadelphia P.O. Box 66 Philadelphia, PA 19105

Office	For Cash Deliveries	For Check Deliveries	Mailing Address (if different from street address)
Cleveland	Federal Reserve Bank of Cleveland Cash Department 1455 East Sixth St. Cleveland, OH 44101	Federal Reserve Bank of Cleveland Check Collection Dept. 1455 East Sixth St. Cleveland, OH 44101	Federal Reserve Bank of Cleveland P.O. Box 6387 Cleveland, OH 44101
Cincinnati	Federal Reserve Bank of Cleveland Cincinnati Branch 150 East Fourth St. Cincinnati, OH 45201 Attn: Cash Dept.	Federal Reserve Bank of Cleveland Cincinnati Branch 150 East Fourth St. Cincinnati, OH 45201 Attn: Check Dept.	Federal Reserve Bank of Cleveland Cincinnati Branch P.O. Box 999 Cincinnati, OH 45201
Columbus	NO CASH DEPOSITS	Federal Reserve Bank of Cleveland Columbus RCPC 965 Kingsmill Parkway Columbus, OH 43229 Attn: Check Processing	
Pittsburgh	Federal Reserve Bank of Cleveland Pittsburgh Branch Cash Office 717 Grant St. Pittsburgh, PA 15219	Federal Reserve Bank of Cleveland Pittsburgh Branch Check Collection Dept. 717 Grant St. Pittsburgh, PA 15219	Federal Reserve Bank of Cleveland Pittsburgh Branch P.O. Box 867 Pittsburgh, PA 15230
Richmond	Federal Reserve Bank of Richmond 701 East Byrd St. Richmond, VA 23219 Attn: Cash Dept.	Federal Reserve Bank of Richmond 701 East Byrd St. Richmond, VA 23219 Attn: Check Dept.	Federal Reserve Bank of Richmond P.O. Box 27622 Richmond, VA 23261
Baltimore	Federal Reserve Bank of Richmond Baltimore Branch 502 South Sharp St. Baltimore, MD 21201 Attn: Cash Dept.	Federal Reserve Bank of Richmond Baltimore Branch 502 South Sharp St. Baltimore, MD 21201 Attn: Check Dept.	Federal Reserve Bank of Richmond Baltimore Branch P.O. Box 1738 Baltimore, MD 21203
Charleston	NO CASH DEPOSITS	Federal Reserve Bank of Richmond Charleston RCPC 1200 Airport Road Charleston, WV 25311 Attn: Check Processing	Federal Reserve Bank of Richmond Charleston RCPC P.O. Box 2309 Charleston, WV 25328

Office	For Cash Deliveries	For Check Deliveries	Mailing Address (if different from street address)
Charlotte	Federal Reserve Bank of Richmond Charlotte Branch 401 South Tryon St. Charlotte, NC 28230 Attn: Cash Dept.	Federal Reserve Bank of Richmond Charlotte Branch 401 South Tryon St. Charlotte, NC 28230 Attn: Check Dept.	Federal Reserve Bank of Richmond Charlotte Branch P.O. Box 30248 Charlotte, NC 28230
Columbia	NO CASH DEPOSITS	Federal Reserve Bank of Richmond Columbia RCPC 1624 Browning Road Columbia, SC 29202 Attn: Check Processing	Federal Reserve Bank of Richmond Columbia RCPC P.O. Box 132 Columbia, SC 29202
Atlanta	Federal Reserve Bank of Atlanta Cash Services Dept. Federal Reserve Station 104 Marietta St., NW. Atlanta, GA 30303-2713	Federal Reserve Bank of Atlanta Check Collection Dept. Federal Reserve Station 104 Marietta St., NW. Atlanta, GA 30303-2713	Federal Reserve Bank of Atlanta P.O. Box 1731 Atlanta, GA 30301-1731
Birmingham	Federal Reserve Bank of Atlanta Birmingham Branch Cash Services Dept. 1801 Fifth Ave., North Birmingham, AL 35283	Federal Reserve Bank of Atlanta Birmingham Branch Check Collection Dept. 1801 Fifth Ave., North Birmingham, AL 35283	Federal Reserve Bank of Atlanta Birmingham Branch P.O. Box C-10447 Birmingham, AL 35283
Jacksonville	Federal Reserve Bank of Atlanta Jacksonville Branch Cash Services Dept. 515 Julia St. Jacksonville, FL 32231	Federal Reserve Bank of Atlanta Jacksonville Branch Check Collection Dept. 515 Julia St. Jacksonville, FL 32231	
Miami	Federal Reserve Bank of Atlanta Miami Branch Cash Services Dept. 9100 NW. 36th St. Miami, FL 33152	Federal Reserve Bank of Atlanta Miami Branch Check Collection Dept. 9100 NW. 36th St. Miami, FL 33152	Federal Reserve Bank of Atlanta Miami Branch P.O. Box 520847 Miami, FL 33152
Nashville	Federal Reserve Bank of Atlanta Nashville Branch Cash Services Dept. 301 Eighth Ave., North Nashville, TN 37203-4407	Federal Reserve Bank of Atlanta Nashville Branch Check Collection Dept. 301 Eighth Ave., North Nashville, TN 37203-4407	

Office	For Cash Deliveries	For Check Deliveries	Mailing Address (if different from street address)
New Orleans	Federal Reserve Bank of Atlanta New Orleans Branch Cash Services Dept. 525 St. Charles Ave. New Orleans, LA 70130	Federal Reserve Bank of Atlanta New Orleans Branch Check Collection Dept. 525 St. Charles Ave. New Orleans, LA 70130	Federal Reserve Bank of Atlanta New Orleans Branch P.O. Box 61630 New Orleans, LA 70161
Chicago	Federal Reserve Bank of Chicago Cash Department 230 S. LaSalle St. Chicago, IL 60690-0834	Federal Reserve Bank of Chicago Check Processing Dept. 230 S. LaSalle St. Chicago, IL 60690-0834	Federal Reserve Bank of Chicago 230 S. LaSalle St. P.O. Box 834 Chicago, IL 60690-0834
Detroit	Federal Reserve Bank of Chicago Detroit Branch 160 W. Fort St. Detroit, MI 48231 Attn: Cash Dept.	Federal Reserve Bank of Chicago Detroit Branch 160 W. Fort St. Detroit, MI 48231 Attn: Check Dept.	Federal Reserve Bank of Chicago Detroit Branch P.O. Box 1059 Detroit, MI 48231
Des Moines	NO CASH DEPOSITS	Federal Reserve Bank of Chicago Des Moines RCPC 616 Tenth St. Des Moines, IA 50309	Federal Reserve Bank of Chicago Des Moines RCPC P.O. Box 1903 Des Moines, IA 50306
Indianapolis	NO CASH DEPOSITS	Federal Reserve Bank of Chicago Indianapolis RCPC 41 East Washington St. Indianapolis, IN 46204 Attn: Check Processing	Federal Reserve Bank of Chicago Indianapolis RCPC P.O. Box 2020B Indianapolis, IN 46206
Milwaukee	NO CASH DEPOSITS	Federal Reserve Bank of Chicago Milwaukee RCPC 304 East State St. Milwaukee, WI 53202 Attn: Check Processing	
St. Louis	Federal Reserve Bank of St. Louis Cash Section 411 Locust St. St. Louis, MO 63102	Federal Reserve Bank of St. Louis Check Section, Fourth Floor, Annex 415 North Fourth St. St. Louis, MO 63102	Federal Reserve Bank of St. Louis P.O. Box 14993 St. Louis, MO 63178

Office	For Cash Deliveries	For Check Deliveries	Mailing Address (if different from street address)
Little Rock	Federal Reserve Bank of St. Louis Cash/Securities Unit Lobby Teller, First Floor 325 West Capitol Little Rock, AR 72201	Federal Reserve Bank of St. Louis Check Unit Lobby Teller, First Floor 325 West Capitol Little Rock, AR 72201	Federal Reserve Bank of St. Louis Little Rock Branch P.O. Box 1261 Little Rock, AR 72203
Louisville	Federal Reserve Bank of St. Louis Louisville Branch Lobby Teller, First Floor 410 South Fifth St. Louisville, KY 40232	Federal Reserve Bank of St. Louis Louisville Branch Clearing Room, Second Floor 401 South Fifth St. Louisville, KY 40232	Federal Reserve Bank of St. Louis Louisville Branch P.O. Box 32710 Louisville, KY 40232
Memphis	Federal Reserve Bank of St. Louis Memphis Branch Cash and Securities Unit First Floor 200 North Main St. Memphis, TN 38103	Federal Reserve Bank of St. Louis Memphis Branch Check and Data Processing Unit Third Floor 200 North Main St. Memphis, TN 38103	Federal Reserve Bank of St. Louis Memphis Branch P.O. Box 407 Memphis, TN 38101
Minneapolis	Federal Reserve Bank of Minneapolis Special Services Unit, Lobby Level 250 Marquette Ave. Minneapolis, MN 55480	Federal Reserve Bank of Minneapolis Gov't Deposits Division, Fifth Floor 250 Marquette Ave. Minneapolis, MN 55480	
Helena	Federal Reserve Bank of Minneapolis Helena Branch Gov't Deposits Division 400 North Park Ave. Helena, MT 59601	Federal Reserve Bank of Minneapolis Helena Branch Gov't Deposits Division 400 North Park Ave. Helena, MT 59601	
Kansas City	Federal Reserve Bank of Kansas City Gov't Deposit Drop Box Elevator Lobby, Main Floor 925 Grand Ave. Kansas City, MO 64198	Federal Reserve Bank of Kansas City Check Collection Dept. Eight Floor Gov't Deposit Desk 925 Grand Ave. Kansas City, MO 64198	

Office	For Cash Deliveries	For Check Deliveries	Mailing Address (if different from street address)
Denver	Federal Reserve Bank of Kansas City Denver Branch Cash Services Dept. Basement 1020 16th St. Denver, CO 80202	Federal Reserve Bank of Kansas City Denver Branch Check Collection Dept. Third Floor 1020 16th St. Denver, CO 80202	Federal Reserve Bank of Kansas City Denver Branch Terminal Annex - P.O. Box 5228 Denver, CO 80217
Oklahoma City	Federal Reserve Bank of Kansas City Oklahoma City Branch Securities Dept. First Floor 226 Dean A. McGee Ave. Oklahoma City, OK 73125	Federal Reserve Bank of Kansas City Oklahoma City Branch Check Collection Dept. Second Floor 226 Dean A. McGee Ave. Oklahoma City, OK 73125	Federal Reserve Bank of Kansas City Oklahoma City Branch P.O. Box 25129 Oklahoma City, OK 73125
Omaha	Federal Reserve Bank of Kansas City Omaha Branch Accommodations Teller, Cash Services Dept. 2201 Farnam St. Omaha, NE 68102	Federal Reserve Bank of Kansas City Omaha Branch Check Collection Dept. 2201 Farnam St. Omaha, NE 68102	
Dallas	Federal Reserve Bank of Dallas 400 South Akard St. Dallas, TX 75222 Attn: Cash Dept.	Federal Reserve Bank of Dallas 400 South Akard St. Dallas, TX 75222 Attn: Check Dept.	Federal Reserve Bank of Dallas Station K Dallas, TX 75222
El Paso	Federal Reserve Bank of Dallas El Paso Branch 301 East Main St. El Paso, TX 79999 Attn: Cash Dept.	Federal Reserve Bank of Dallas El Paso Branch 301 East Main St. El Paso, TX 79999 Attn: Check Dept.	Federal Reserve Bank of Dallas El Paso Branch P.O. Box 100 El Paso, TX 79999
Houston	Federal Reserve Bank of Dallas Houston Branch 1701 San Jacinto St. Houston, TX 77002 Attn: Cash Dept.	Federal Reserve Bank of Dallas Houston Branch 1701 San Jacinto St. Houston, TX 77002 Attn: Check Dept.	Federal Reserve Bank of Dallas Houston Branch P.O. Box 2578 Houston, TX 77252
San Antonio	Federal Reserve Bank of Dallas San Antonio Branch 126 East Nueva St. San Antonio, TX 78204 Attn: Cash Dept.	Federal Reserve Bank of Dallas San Antonio Branch 126 East Nueva St. San Antonio, TX 78204 Attn: Check Dept.	Federal Reserve Bank of Dallas San Antonio Branch P.O. Box 1471 San Antonio, TX 78295

Office	For Cash Deliveries	For Check Deliveries	Mailing Address (if different from street address)
San Francisco	Federal Reserve Bank of San Francisco 101 Market St. San Francisco, CA 94105 Attn: Cash Services	Federal Reserve Bank of San Francisco 101 Market St. San Francisco, CA 94105 Attn: Check Dept.	Federal Reserve Bank of San Francisco P.O. Box 7702 (Checks) P.O. Box 7742 (Cash) P.O. Box 7792 (Food Coupons) San Francisco, CA 94120
Los Angeles	Federal Reserve Bank of San Francisco Los Angeles Branch 409 West Olympic Blvd. Los Angeles, CA 90015 Attn: Cash Dept.	Federal Reserve Bank of San Francisco Los Angeles Branch 409 West Olympic Blvd. Los Angeles, CA 90015 Attn: Check Dept.	Federal Reserve Bank of San Francisco Los Angeles Branch Terminal Annex - P.O. Box 2077 Los Angeles, CA 90051
Portland	Federal Reserve Bank of San Francisco Portland Branch 915 SW. Stark St. Portland, OR 97205 Attn: Securities Services Dept.	Federal Reserve Bank of San Francisco Portland Branch 915 SW. Stark St. Portland, OR 97205 Attn: Check Dept.	Federal Reserve Bank of San Francisco Portland Branch P.O. Box 3436 Portland, OR 97205
Salt Lake City	Federal Reserve Bank of San Francisco Salt Lake City Branch 120 South State St. Salt Lake City, UT 84111 Attn: Cash Dept	Federal Reserve Bank of San Francisco Salt Lake City Branch 120 South State St. Salt Lake City, UT 84111 Attn: Check Dept.	Federal Reserve Bank of San Francisco Salt Lake City Branch P.O. Box 27206 Salt Lake City, UT 84125
Seattle	Federal Reserve Bank of San Francisco Seattle Branch 1015 Second Ave. Seattle, WA 98104 Attn: Cash Dept.	Federal Reserve Bank of San Francisco Seattle Branch 1015 Second Ave. Seattle, WA 98104 Attn: Check Dept.	Federal Reserve Bank of San Francisco Seattle Branch P.O. Box 3567, Terminal Annex Seattle, WA 98124

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## APPENDIX C

LOSS OF FUNDS - INFORMATION FOR INVESTIGATING OFFICERC101 OVERVIEW

This appendix contains general information concerning the main issues that should be addressed in a loss of funds investigation and fully considered in making findings of fact and recommendations.

C102 APPOINTMENT OF AN INVESTIGATING OFFICER OR BOARD OF OFFICERS

C10201. General. The convening authority shall appoint either an investigating officer or investigating board of officers to investigate the loss. The purpose of the investigation is to: develop all facts leading up to and connected with the loss, including the amount, date, time and place of the loss; identification of accountable individuals and others involved; the authenticity of documentary evidence; and the veracity of oral testimony. If possible, the investigation should identify the cause of the loss. The investigation should also include a determination with respect to the adequacy of internal controls and whether they were effectively implemented. Specific instructions for conducting both formal and informal investigations are contained in regulations of each of the DoD Components. The following paragraphs summarize the basic requirements as related to irregularities in a DO's account.

C10202. Appoint of an Investigating Board of Officers (IBO). The convening authority shall appoint an IBO in writing. When feasible, members of the IBO should include officers who are skilled in investigative techniques, financial accounting control, and interpretation of law, and who do not have a vested interest in the outcome of the investigation. If considered necessary, military members or civilian employees with these skills may be designated as technical advisors to the IBO.

C10203. Appointment of an Investigating Officer (IO). The convening authority shall direct issuance of an order for appointment of an IO. The order shall name the individual, specify the matter to be investigated, and cite this Volume

and the authorized Component directive as the authority for the investigation. The order shall also specify the approximate period of time allowed for the investigation. A copy of the order shall be entered in the report of investigation as an exhibit. Only field grade commissioned officers or equivalent civilian employees may be appointed an IO. Officers appointed to conduct investigations under these regulations should be senior in rank to persons under investigation (whenever possible) and must not have a vested interest in the outcome. The best qualified officers should be appointed as IOs. They should be familiar with investigative techniques and have knowledge of the required internal controls, pertinent laws and directives. (This requirement should not be interpreted to require the appointment of comptroller personnel. Comptroller personnel should be used only when there is no other alternative.) Officers appointed as IOs who do not fully meet these requirements should be given technical guidance by the base comptroller and staff judge advocate.

C10204. Required Loss Status Reports. Status reports must be made as follows:

A. Loss of Funds. The IO or IBO must report every 30 days on the current status of each case. Reports shall be sent through the commander to the servicing DFAS Center with an information copy to the major command.

B. Loss of Blank Treasury Checks or Blank Savings Bonds. Status reports are not required.

C10205. Investigations

A. Investigations by Board of Officers. Before conducting its hearing, the IBO must ensure that each accountable individual receives and reviews chapter 06 of this Volume regarding liabilities and responsibilities of accountable officers and statutory authority for relief of liability. Prior to testifying, an accountable individual may examine records or documents relating to the loss in the DO's or IBO's custody. All factual information pertaining to

the loss or deficiency in the accounts of the DO should be developed and be available for use by higher authority.

B. Investigations by Investigating Officer. The IO shall obtain evidence in the form of statements from accountable individuals and others concerning the loss. The IO shall ensure that each accountable individual receives and reviews chapter 06 of this Volume regarding liabilities and responsibilities of accountable individuals and statutory authority for relief of liability before the IO interviews the individual for the first time. An accountable individual may examine records or documents in the DO's or IO's custody that relate to the loss. Testimony may be reported verbatim or summarized by the IO. Whenever possible, the transcript or summary of testimony should be reviewed, sworn to, and signed by the witness. (When sworn testimony cannot be obtained, the IO shall submit a statement giving the substance of the interview and the reason for absence of attestation.) In addition, the IO shall gather records, documents, photographs, and sworn affidavits relating to the loss. The IO may use evidence developed in investigations already conducted concerning the loss by other agencies (for example, FBI, U.S. Secret Service, local authorities, etc.). However, those investigations are usually for purposes other than those outlined above, and it might be necessary to obtain additional evidence from a source previously contacted in another investigation. The IO, by further investigation, shall make a determined effort to resolve or clarify all apparent discrepancies or contradictions in the evidence.

C10206. Preparation of the Report of Investigation (ROI). Within 90 days after the loss was discovered, the IO or IBO shall complete the investigation and submit to the convening authority an ROI in triplicate. When extraordinary circumstances require it, the IO or IBO may request an extension from the servicing DFAS Center through the convening authority. The ROI must include:

A. Facts:

1. Identities of all accountable individuals who are pecuniarily liable for the loss, the amount for which each is accountable, and the involvement of each in the loss.

2. Circumstances leading to the loss, or the efforts undertaken to discover the cause of a loss that remains unexplained.

3. Description of the internal controls prescribed to prevent losses of the type experienced and the steps taken to implement them.

4. Other relevant information that would aid in understanding how the loss occurred and in evaluating whether relief is appropriate for the accountable individuals involved.

5. Documentary evidence (for example, statements, transcripts, affidavits, investigative reports of other agencies, records, and photographs) as exhibits to the ROI.

B. Findings

1. That there was or was not a loss to the U.S. Government.

2. The amount of the loss.

3. That the loss is a physical loss, or one that involves fraud.

4. That the DO was or was not acting in the line of duty with respect to the loss. A separate finding shall be made for each accountable individual involved.

5. That the loss was or was not due to the fault or negligence of the DO. A separate finding shall be made for each accountable individual involved.

C. Recommendations

1. Whether the DO should or should not be relieved of pecuniary liability for the loss. Separate recommendations concerning each accountable individual involved are required.

2. Corrective action for improving controls or procedures, if applicable.

3. Any other recommendations that are appropriate considering the facts developed during the investigation.

C10207. Distribution of the Report of Investigation (ROI). Prepare the ROI in triplicate and deliver to the convening authority. The convening authority will distribute the ROI as follows:

A. Upon completion of action by the convening authority, the original ROI and allied papers will be sent through the major command to the servicing DFAS Center.

B. If the major command is the convening authority, one copy of the ROI will be forwarded to the commander of the base, station, activity, ship, or unit where the DO is located.

C. The convening authority will keep one copy of the ROI.

C10208. Convening Authority Actions on Reports of Investigation. Without delay, the convening authority will review the ROI for compliance with the requirements set forth above. If a report is not thorough, comprehensive, and complete, the convening authority will return it to the original investigator, if possible, explaining the defects and directing supplementation. Upon acceptance of the ROI, the convening authority will send one copy to the commander of the base, station, camp, post, activity, vessel, or unit where the DO is located. Note that the convening authority does not have the authority to grant relief. Within 30 days following acceptance of the ROI, the convening authority will:

A. Consider all the facts, findings, and recommendations.

B. Determine whether satisfactory evidence exists to support a recommendation for relief of the DO and/or each accountable individual involved as a part of the ROI.

C. If sufficient evidence exists, recommend relief for the DO; otherwise, recommend denial of relief. Similar, separate action will be taken for each accountable individual involved.

D. Attach these actions, with a detailed explanation of the reasons therefore, to the ROI.

E. Set forth all evidence used to support a recommendation for denial of relief of

the DO and/or any other person or persons involved in the loss or deficiency. The convening authority should formally inform the person or persons concerned of the recommendation to grant or deny relief.

F. Forward the ROI and all attachments thereto through the major command to the servicing DFAS Center.

C10209. Commander Actions on Report of Investigation. Recommendations by local commanders other than the convening authority are not required. However, the ROI may be used for disciplinary or administrative action considered necessary by the commander.

C10210. Major Command Actions on Report of Investigation. All transmittals and correspondence between the convening authority and the servicing DFAS Center concerning a loss shall be routed through the major command. The purpose for this is to keep the major command informed of issues involved in the loss and the progress toward their resolution. The major command also must review the ROI and forward its own comments and recommendations to the servicing DFAS Center within 30 days. Requests for an extension should be sent to the servicing DFAS Center with a complete explanation of the delay and the estimated date of submission. Note that the major command does not have the authority to grant or deny relief.

★C10211. DFAS Center Action on Report of Investigation. The ROI will be reviewed by the servicing DFAS Center. If the ROI is not considered thorough, comprehensive, and complete, it will be returned to the convening authority, with an explanation of the deficiencies, for correction. The convening authority will review the supplementary report from the investigator and, if there is no change in action, forward it to the DFAS Center. The Director of the servicing DFAS Center will use the completed ROI as the basis from which to determine whether the accountable individual(s) will be granted or denied relief of liability. If the Director of the DFAS Center holds the DO or any other accountable individual liable for a loss investigated by an IO or IBO, and that individual(s) has not been afforded an opportunity to file a rebuttal to the findings of the ROI, the file will be returned through the major command to the convening

authority giving the reasons for the adverse determination. The convening authority must give the individual(s) held liable the opportunity to file a rebuttal. Upon receipt of the rebuttal, the convening authority will return the file through the major command to the servicing DFAS Center with comments on the rebuttal (if any). The Director of the DFAS Center will reconsider the adverse determination and affirm or reverse the determination.

#### C103 ACCOUNTABLE OFFICIALS

An accountable official is any Government employee (military or civilian) who, by reason of his or her employment, is responsible for or has custody of Government funds. There may be, and usually is, more than one accountable official in a given case. This occurs as the concept of accountability is not limited to the person in whose name the account is officially held, but would also necessarily extend to those individuals who actually have control of the funds. Examples of those individuals considered to be accountable officials include deputy disbursing officers, agents, cashiers, collection agents, paying agents, imprest fund cashiers, change fund custodians, and cash control officers.

#### C104 LIABILITY OF ACCOUNTABLE OFFICIALS

Accountable officials who have physical custody of Government funds are held to a standard of strict liability. They are, in effect, insurers of the public funds in their custody and are excusable only for losses due to acts of God or the public enemy. This liability has been established in a line of Supreme Court decisions (United States v. Prescott, 44 U.S. (3 How) 578 (1845); United States v. Thomas, 82 U.S. (15 Wall 337 (1872); Smythe v. United States, 188 U.S. 156 (1903)). An accountable official is automatically liable at the moment either a physical loss occurs or an illegal, incorrect, or improper payment is made. See Volume 54, Decisions of the Comptroller General, 1974, pages 112, 114. Where a subordinate of the DO actually disburses the funds, the General Accounting Office will relieve the DO only upon a showing that the DO properly supervised the subordinate, maintained an adequate system of procedures and controls to safeguard the funds, and took steps to insure the system's implementation and effectiveness.

#### C105 RELIEF OF ACCOUNTABLE OFFICIALS

It is important to distinguish between liability and relief from such liability. The basic legal liability of an accountable official is strict, automatic, and not affected by any lack of fault or negligence on his or her part. However, lack of fault or negligence may provide a basis for relief upon proper administrative request.

C10501. The relief of accountable officials of the DoD responsible for the physical loss or deficiency of any public funds, vouchers, or records is authorized by 31 U.S.C. 3527(b). In order for relief to be granted, the Secretary of Defense, or designee, shall make the following determinations.

A. The official was carrying out official duties when the loss or deficiency occurred.

B. The loss or deficiency was not the result of an illegal, incorrect, or improper payment.

C. The loss or deficiency was not the result of fault or negligence by the official.

C10502. As relief may be granted only when the Secretary of Defense, or designee, is able to make these determinations based upon a review of available evidence, these requirements should be considered during the course of the investigation. Additionally, findings of fact in this regard should be made in conjunction with all accountable officials for whom relief is being sought.

C10503. One limitation on the availability of relief is that this subsection of the statute applies only to a physical loss of public funds and not to a deficiency caused by an illegal, incorrect, or improper payment. The authority for the granting of relief for a deficiency caused by an illegal, incorrect, or improper payment is found at 31 U.S.C. 3527(c). Relief of liability for a deficiency caused by an illegal, incorrect, or improper payment is granted by the Comptroller General when, on his or her own initiative or upon written recommendation made by the head of an agency, the Comptroller General decides that the payment was not the result of bad faith or lack of reasonable care by the official. However, The

Comptroller General may deny relief when he or she decides the head of the agency did not carry out diligent collection action. Refer to chapter 06 of this Volume for specific delegations of these relief authorities.

#### C106 STANDARDS OF NEGLIGENCE

An accountable official's liability is strict and independent of any fault or negligence. However, in evaluating the facts to determine whether the accountable official was negligent for purposes of the relief statute, the standard of "reasonable care" is applied. This is the standard of simple or ordinary negligence, not gross negligence. The standard has been stated as being portrayed as what the reasonably prudent and careful person would have done to take care of his or her own property of the like description under like circumstances. See Volume 54, Decision of the Comptroller General, page 112.

#### C107 PRESUMPTION OF NEGLIGENCE

As discussed previously, an accountable official's liability is strict and automatic at the time of the loss or deficiency. The fact of the occurrence of a loss or deficiency gives rise to a presumption of negligence on the part of the accountable official. While the presumption may be rebutted by evidence to the contrary, it is the accountable official's burden to produce the evidence. The administrative determination that there was not fault or negligence, unsupported by evidence, is not sufficient to rebut the presumption. The accountable official shall come forward with affirmative evidence that he or she exercised the required degree of care. It should be emphasized that the Government does not have to produce evidence to establish that the accountable official was at fault to hold him or her liable; liability is automatic. Rather, in order to be entitled to relief, the accountable official must produce evidence to show that there was no contributing fault or negligence on his or her part. Thus, in the case of an unexplained loss or deficiency where there is no evidence to rebut the presumption of negligence, there is no basis upon which to grant relief. The presumption of negligence and its application to unexplained losses is discussed in Volume 48, Decisions of the Comptroller General, page 566 (case no. B-166174). The Court of Claims has affirmed this

concept in *Serrano v. United States*, 612 F.2d 525 (Ct. Cl. 1979).

#### C108 PROXIMATE CAUSE

An accountable official may be relieved from liability even though negligent if it can be established that the negligence was not the proximate cause of the loss. The proximate cause concept implies a cause-and-effect relationship between the negligence and the loss. In other words, the negligence must have contributed to the loss. In analyzing proximate cause, it may be helpful to ask certain questions. First, if the accountable official had not been negligent, would the loss have occurred? If the answer to this question is yes, the negligence is not the proximate cause of the loss and relief will probably be granted. However, it may not be possible to answer this question with any degree of clarity. If not, the next question to ask is whether the negligence was a "substantial factor" in bringing about the loss. If the answer to this question is yes, relief will probably be denied.

#### C109 LOSSES BY CASHIERS

C10901. If the shortage is in funds for which a cashier is accountable, the following questions should be considered when completing the investigation.

A. Have the disbursing officer and any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

B. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the loss?

C. Have sufficient questions been asked of each witness and has any other investigation made of the loss been considered, with the exception of such part, if any, that pertains to lie detector tests?

D. Was a thorough search of the physical area made for missing cash or vouchers?

E. Were the day's transactions thoroughly reviewed in an effort to determine the cause of the shortage?

F. Were any individuals contacted in an effort to determine if an overpayment has been made and could be recovered?

G. Were individuals who made collections contacted to determine if they found a compensating overage in their accounts?

H. Was all the cash-on-hand in the disbursing office counted to make sure that there was no compensating overage?

I. What was the number of transactions handled by the cashier during the period in which the loss occurred? Did distracting influences exist or were working conditions poor?

J. Was the cashier working under pressure because of the heavy volume of business?

K. Was the cashier handling new currency that has a tendency to stick together?

L. Was the cashier experienced or inexperienced?

M. What procedures and internal controls has the disbursing officer established for safeguarding funds? What written standard operating procedures (SOPs) has he or she provided for the guidance of cashiers? Has he or she issued any oral instructions?

N. Are the SOPs adequate?

O. Has the cashier complied with the SOPs?

P. On the day of the loss, what procedures were followed by the cashier in counting money when he or she received advances of public funds from the disbursing officer or his or her deputies, made disbursements, or received collections?

Q. What actions were taken by the cashier to protect cash and vouchers during temporary absences from the cashier's window?

R. What facilities were furnished to the cashier to protect cash for which he or she was accountable, such as a cash drawer with key lock or a separate safe?

S. Was the cashier's cage accessible to persons other than the cashier?

T. What procedures were followed by the disbursing officer, deputy, cash control officer, and/or chief cashier in making daily settlements with the cashier?

U. Did theft occur?

V. Are there any inconsistencies between the testimonies of different witnesses?

W. Are orders appointing cashiers, deputies, etc., amended where appropriate?

X. Were paid vouchers properly safeguarded by both the cashier and the disbursing officer?

#### C110 LOSSES BY RECEIPT OF COUNTERFEIT CURRENCY

C11001. If the loss was caused by receipt of counterfeit currency, the following questions should be considered when completing the investigation.

A. Have the disbursing officer and any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

B. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the receipt of the counterfeit currency?

C. When and by whom was the receipt of counterfeit currency detected?

D. Was an effort made to determine the source of the counterfeit note(s)?

E. Has the disbursing officer provided instructions in detecting counterfeit money for those in the office who shall handle money?

F. Does the volume of transactions handled by cashiers preclude a careful inspection of each and every piece of currency?

G. Are there any inconsistencies between the testimonies of different witnesses?

#### C111 LOSSES BY AGENT OFFICERS

C11101. If the loss involved agent officers, the following questions should be considered when completing the investigation.

A. Have the disbursing officer and any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

B. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the loss?

C. Have sufficient questions been asked of each witness?

D. Have any other investigations made of the loss been considered, with the exception of such part, if any, that pertains to lie detector tests?

E. Was a thorough search of the physical area made for missing cash or vouchers?

F. Were the day's transactions thoroughly reviewed in an effort to determine the cause of the shortage?

G. Do exhibits show the amount of entrustment made by the disbursing officer to the agent officer, signature of agent officer in receipt of funds, turn-in made by agent officer, and the amount of the shortage, or a statement of the agent officer's account?

H. Does an exhibit show the appointment of the individual as an agent officer?

I. Has the disbursing officer provided the agent officer with adequate instructions?

J. If the loss involves funds in the hands of an agent officer, has the disbursing

officer inspected and supervised the agent office, or arranged for such inspections?

K. If the loss involves funds advanced to an agent officer appointed for the specific purpose of exchanging foreign currency for MPCs, has the disbursing officer made certain that verification of the fund on an unannounced basis has been made at least once each quarter?

L. Did the agent officer verify money at the time of receipt?

M. What precautions did the agent officer take to safeguard the Government funds?

N. If the agent officer used a safe to which any other persons had access, did he or she attempt to obtain other safekeeping facilities? Was he or she directed to use the safe in question?

O. Were all persons who had access to the funds during the period in which the loss occurred questioned?

P. Did theft occur?

Q. What procedures did the agent officer follow in making payments?

R. Was the agent officer working under pressure?

S. Did the agent officer have previous experience in making payments.

T. Were working conditions poor in any respect?

U. Are there any inconsistencies between the testimonies of different witnesses?

#### C112 LOSSES BY FRAUD IN THE DISBURSING OFFICE

C11201. If the loss involved payments as a result of fraud in the disbursing office, the following questions should be considered when completing the investigation.

A. Have the disbursing officer or any other persons who might be held liable for the



loss been afforded all the rights and privileges of parties in interest?

B. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the fraudulent payments?

C. Has consideration been given to any other investigation made, with the exception of such part, if any, that pertains to lie detector tests?

D. Has a thorough investigation been made in order to discover the full extent of the loss due to fraudulent activity that has been uncovered?

E. Have the methods used to defraud the U.S. Government been clearly described?

F. What internal controls have been established by the disbursing officer in an effort to preclude fraudulent activity by disbursing personnel?

G. Has all possible collection action been taken?

1. In the case of military personnel, is collection action being taken in the field or by the servicing DFAS Center in cases when personnel have been separated from the service?

2. In case of civilian employees, has the individual involved authorized application of pay to the shortage? Have steps been taken to secure application of final pay to settlement of the indebtedness? If the amount of indebtedness has been determined, has a request been made to the Office of Personnel Management for set off against the Civil Service Retirement and Disability Fund?

#### C113 LOSSES BY IMPREST FUND CASHIERS AND CHANGE FUND CUSTODIANS

C11301. If the loss was in funds advanced to imprest fund cashiers or individuals accountable for change funds such as the accountable officer for quartermaster account, medical services accountable officer, post signal officer, etc., the following questions should be considered when completing the investigation.

A. Have the disbursing officer and any other persons who might be held liable for the loss been afforded all the rights and privileges of parties in interest?

B. Has testimony been obtained from every person who should be questioned in regard to the circumstances surrounding the loss?

C. Has consideration been given any other investigation made of the loss, with the exception of such part, if any, that pertains to lie detector tests?

D. Did the accountable individual follow procedures applicable to the particular fund?

E. Has the cause of loss been clearly established?

F. Did theft occur?

G. Are there any inconsistencies between the testimonies of different witnesses?



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